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TRENDS IN HOME RENOVATION: CONSUMER AND PRODUCER PERSPECTIVES

TRENDS IN HOME RENOVATION:

CONSUMER AND PRODUCER PERSPECTIVES

by

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A B S T R A C T

The report, "Trends in Home Renovation: Producer and Consumer Perspectives in the City of Kitchener" is designed to provide a comprehensive picture of trends in residential renovation ongoing in the Kitchener-Waterloo metropolitan region. The study incorporates four component parts. First, is a chronological analysis of home improvement activity over the decade 1976-1986. A number of indices - for example, number of of building permits issued, value of building permits, number of firms specializing in home improvement - show dramatic rates of growth in renovation over the last two to three years. The overall pattern suggests that, like the construction industry in general, rates of renovation vary in direct response to the prevailing economic climate. The second phase in the research investigates home renovation practices of recent movers to both inner-city and suburban neighbourhoods. Here, results show that practices vary and that relatively high rates of home renovation correlate directly with a household's socio-economic and family status and with the original size of the dwelling unit (also age of housing in the case of inner-city housing). Overall, renovation work undertaken by newly purchasing households is deemed to result in substantial improvement to the housing stock, though improvements, on the whole, are of relatively modest proportion. Another set of households, known to have undertaken major renovation projects, is surveyed in the third phase of the research. Households who undertake these larger scale projects are on average of higher socio-economic status than their

newly purchasing counterparts. They are also older and more of these families have no children living at home. The major renovators are similar to surveyed inner-city and suburban households in that the amount invested in a home improvement project is closely related to a household's socio-economic and family status. The fourth and last phase in the investigation of residential renovation in the City of Kitchener turns to the producer or supply side of home improvement activity. Information obtained from professional renovation firms reveals widely varying practices among companies within the industry. Most of this variation can be explained by a firm's scale of operation. The larger and more established firms have effecient, professional-like business practices whereas many of the smaller to medium-sized companies exhibit distinctly unprofessional work habits. This helps to explain the high rates of turnover that characterize the renovation industry as well as its, at times, rather poor public image. The report concludes with an examination of present problems and future growth trends anticipated for this arm of the construction industry. It sets out a series of recommendations relating to the need for policy and further research on the topic.

Summary

EXECUTIVE STATEMENT

The study "Trends in Home Renovation: Consumer and Producer Perspectives in the City of Kitchener" encompasses both demand and supply aspects of residential renovation activity. It comprises an integrated study of renovation practices in the City of Kitchener, Ontario, a medium-sized industrial city 100 km. west of Metropolitan Toronto. The research has grown out of an earlier investigation (Bunting, 1986) of home renovation in inner-city neighbourhoods in the City of Kitchener. This subsequent, broader research study has four specific objectives:

1) To analyze growth in renovation activity over the last 10 years, using home additions (as identified in municipal building permit records) as an empirical index of major renovation work.

2) To develop a composite picture of households undertaking major renovations (additions) and to compare this profile against the metropolitan norm and against the profile associated with home purchasers in inner-city (Bunting, 1986) and suburban tracts.

3) To develop a composite profile of the broader set of renovation activities undertaken by households purchasing housing in suburban areas of the city. This profile will be compared to that of the metropolitan norm, of the major renovators and of previously surveyed households who purchased homes in inner-city areas.

4) To analyze the supply side of renovation activity through a survey of a sample of business establishments specializing in home renovation.

The recent historical record of major renovation activity as indexed by the issuance of building permits is clearly incremental over time with very rapid rates of growth since 1985. Rates of renovation per annum tend to correlate with general economic prosperity and with mortgage interest rates, viz. the downturn in the early 80s and recent upsurge in contracted renovation projects. In addition to longitudinal analysis, building permit data also lend themselves to cross-sectional or spatial analysis. Statistical analysis of geographic variation in the incidence of major renovation reveals that this type of activity is most likely to take place in owner-occupied, middle-class neighbourhoods with high occupational and educational status.

The correlation between rates of renovation activity and "middle-class" status as measured by income, occupation and, in particular, education is also found to characterize the home improvement practices of recent movers to suburban areas though relative rates of investment are low in contrast to the rest of

the households interviewed in the study. Inner-city households investing relatively large amounts of out-of-pocket dollars in home renovation have a similar profile though notable among this sample are a group that Bunting (1986) refers to as "economy renovators" who are more likely to be of lower socio-economic status and whose investments, while responsible for substantial improvement of the older housing stock, are much lower than those of their middle-class counterparts. In the case of both suburban and inner-city movers, households with traditional full-time housewives are found to invest most in home improvement projects. Thus proclivity on the part of new home purchasers in the City of Kitchener to carry out residential renovation is directly related to households' socio-economic status and familistic orientation and values. In terms of types of renovation undertaken, the home improvement activities of new home purchasers are relatively modest and more directed towards the interior rather than the exterior of the dwelling unit. It is important to emphasize that the monetary value associated with their home improvements greatly underestimates the amount of work that goes on since most is carried out by the householders themselves substituting "sweat equity" for cash. These households are relatively infrequent users of formally contracted, professional renovation services.

Turning to the households we have defined as "major" renovators, they occupy primarily newer, not older, housing, that is relatively large to begin with and of good quality. Most have a past history of being consistent maintainers of their property. Many have undertaken relatively major renovation projects within the last 5 years. By way of general observation, it is worth noting that most of these houses were old enough to lack features currently popular in the new housing market such as sky lights, sunrooms, family rooms and decks. It must be emphasized that the major renovators surveyed in this study do not occupy housing in "need of repair". In fact, their renovation activities result in good quality housing becoming higher quality, larger and more expensive, and, parenthetically, ultimately less available to would-be home purchasers trying to break into the home ownership market for the first time. In this sense, current trends in home renovation have direct implications for what, of late, has been referred to as the "affordability" problem.

The singlemost outstanding feature characterizing major renovators in Kitchener-Waterloo is their relatively high socio-economic status - in terms of income, occupation, and education. These households tend to be middle-aged; most heads-of-household are over 40 years of age and many (45 per cent) have no children under 16 years. We find two major types of households predominating among major renovators. The first, and larger group, resemble newly purchasing households in inner-city and suburban neighbourhoods in that they are families with reasonably young children. Their renovation projects usually involve some form of expansion to accomodate growing families. This is the type of

household most often associated with residential renovation projects (Evenden, 1983; Seek 1983). The second household type has no young children at home. The majority of these households are either "empty nesters" or in the pre-empty nesting stage of their life cycle. These are households whose children have grown up and who enjoy increased discretionary incomes alongside decreased costs of living. Households at this stage of their life cycle have not previously been associated with large-scale home renovation projects. Rather, this type of household has been thought to restrict, not expand, residential space. This study shows that at least some of this category of household choose not only to remain in the family home but to expand on and improve its original facilities. A final important correlate that the survey brings to light is that relating the employment status of the female head-of-household to major renovation activity. All other things being equal, households with traditional housewives spend more money on home renovation. It is our interpretation that these households have a family - or home-centered life style and that they probably forego other sorts of discretionary spending (e.g. travel, vacation homes) opting instead for improvement of their daily living space.

In sum, it should be emphasized that all three household surveys carried out here attest to a strong correlation between a household's investment in home improvement projects and its socio-economic and family status.

Survey of professional renovation companies confirms the middle class character of clientele households undertaking major renovation. These renovation firms have been categorized as small, medium and large in scale, with the larger establishments constituting well established businesses and the smaller ones usually being newer and much less business-like in character. The middle-sized firms tend to be transitional in nature sharing, to a greater or lesser extent, the features of both larger and smaller establishments. Most operating characteristics of the firms that were surveyed relate directly to their scale of operations. The hypothetical "average" firm consists of a proprietor employing two or three workers. Growth within these firms, especially the largest ones, mirrors patterns revealed in the first phase of this research. The types of projects that these firms undertake are usually large scale, i.e. greater than $5,000 in value and the types of activities they carry out - e.g. additions, modernizations, conversions of basements and attics - are quite different from the "do-it-yourself", household-initiated home improvement tasks. The business pratices of many of these small and medium sized firms can be said to be distinctly "unprofessional" in terms of such things as financing and planning. All of the industry relies heavily on subcontracting in carrying out individual renovation projects. Fees paid to subcontractors constitute one of, if not the largest expense in the budget of most renovation firms.

A fundamental problem of the renovation industry arises from the structure of the industry itself and the proliferation of smaller companies with shaky business practices. Many of these companies are short-lived, some of them undoubtedly as a result of lack of business training. The larger companies refer to these smaller ones as "fly-by-night" operators, accusing them of shoddy workmanship and of giving the industry a bad "image". Renovators themselves are divided as to how they perceive other problems such as seasonality and labour shortages which are often said to plague the industry. It is our belief that another important but generally unrecognized problem confronting the renovation industry lies with inherent factionalism within the industry and the lack of cooperation between individual firms. The inability of local business associations - the K.W. Homebuilders Association and/or the K.W. Renovators Association -to recruit membership among renovation firms is evidence of this problem. Although the majority of firms oppose government regulation of renovation work, the very ineptitude of the industry to regulate itself suggests that some sort of intervention may be necessary. Certainly, there is considerable scope for further government support of this industry through education and incentive programs. Potential programs of this nature are particularly important since the industry itself as well as independent researchers agree that increasingly high rates of growth will characterize this industry in future.

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TABLE OF CONTENTS

Page No.

Abstract..... i

Executive Statement..... iii

Acknowledgements..... vii

Table of Contents..... viii

List of Tables..... x

List of Figures..... xiii

List of Appendices..... xiv

Introduction..... 2

Research Related to the Study of Home Renovation.... 3

The Research Problem..... 9

Recent Historic Perspectives..... 12
Building Permits Issued for Renovation Activity, 1976 - 1986..... 12
Home Improvement and Building Supply Firms, 1976 - 1986..... 17

Consumer Perspectives on Home Renovation..... 19
Home Renovation in Inner-City Kitchener..... 21
Who Moves into Older Housing..... 22
Renovation Activity..... 24
Variable Rates of Investment..... 25

Home Renovation in Suburban Kitchener..... 29
Who Moves into Newer Housing..... 30
Renovation Activity..... 30
Variable Rates of Investment..... 32

Major Renovators throughout Kitchener..... 33
Who Undertakes Major Renovation..... 34
Renovation Activity: Major..... 35

Renovation Project
Renovation Activity: General..... 39
Rates of Investment..... 40
Why Undertake Major Renovation..... 44
Links to the Renovation Industry..... 48

Industry Perspectives on Home Renovation..... 50
Study of the Renovation Industry..... 51
Industry Survey..... 56
The Renovation Industry in Kitchener..... 59
Structure..... 59
Operational Organization..... 67
Problems..... 74
Future..... 78
Government Programs..... 82

Summary and Conclusions..... 84

Recommendations..... 94

Notes..... 97

Appendix A..... 100

Appendix B..... 101

Appendix C..... 102

Appendix D..... 103

Appendix E..... 104

References..... 107

LIST OF TABLES

Table #

1. Absolute Number of Homeowner Building Permits Issued, by Month
2. Correlates (R^2) Between Building Permits and Single-Family Construction Activity
3. Building Permit Activity by Characteristics of Residential Census Tract, Analysis of Variance
4. Building Permit Activity by Characteristics of Residential Census Tract, Regression Analysis
5. Change in Number of Renovation Firms, 1976 - 86
6. Suburban Tracts, Five-Year Residential Turnover Rates
7. City of Kitchener, Selected Suburban Census Tracts, Housing Characteristics
8. Suburban Tracts, Household Characteristics Surveyed Dwelling Units
9. Suburban Tracts, Investment in Renovation
10. Suburban Tracts, Renovation Activity by Type
11. Suburban Tracts, Variable Rates of Reinvestment (Analysis of Variance, Main Effects)
12. Suburban Tracts, Variable Rates of Reinvestment (Interaction Effects)
13. Major Renovators, Household Characteristics Surveyed Dwelling Units
14. Major Renovators, Estimates of Project Costs
15. Major Renovators, Nature of Project
16. Major Renovators, Funding and Contracting Sources
17. Major Renovators, Estimates of Incremental Value to Real Estate

18. Major Renovators, Investment in General Renovation

19. Major Renovators, General Renovation Activity by Type

20. Major Renovators, Variable Rates of Reinvestment in Major Project (Analysis of Variance, Main Effects)

21. Major Renovators, Reasons for Choosing House

22. Major Renovators, Perceived Advantages (Disadvantages) of Living Where You Do

23. Major Renovators, Reasons for Undertaking Renovation

24. Major Renovators, Is Renovation an Alternative to Moving?

25. Major Renovators, Source of Information about Renovation Business

26. Major Renovators, Use of Building Supplies

27. Size of Firm and Employment Structure

28. Organizational Structure of Renovation Firms

29. Characteristics of Growth, Last Five Years

30. Renovators' Perceptions of Homeowners Reasons for Undertaking Contracted Renovations

31. Size of Firm and Size of Renovation Project

32. Renovation Activity Types

33. Percentage of Renovation Business Requiring Building Permits

34. Activities Undertaken by Renovation Firms

35. Firm Size and Financing Arrangements

36. Planning Activity

37. Percentage of Estimates Contracted

38. Number of Personnel on Job Site

39. Firm Size and Guarantees

40. Firm Size and Revenues to Subcontractors

41. Firm Size and Use of Subcontractors

42. Type of Subcontracting

43. Size of Firm and Major Source of Materials

44. Building Supply Materials Used and their Source

45. Firm Size and Problems of Seasonality

46. Firm Size and Shortages of Labour

47. Firm Size and Anticipated Growth (Employment)

48. Firm Size and Perceived Importance of Government Programs

49. Renovation Firms' Awareness of Government Programs

LIST OF FIGURES

Figure

1. Renovation and New Construction Expenditure in Canada, 1971 - 1986

2. Distribution of Residential Construction Activity by Type, Ontario, 1962 - 1987

3. Societal, Metropolitan and Inner City Change

4. Absolute Number of Permits 1976 - 1986

5. Permit Values 1976 - 1986, Current Dollar and Constant Dollar Averages

6. Permit Values 1976 - 1986 Current Dollar and Constant Dollar Totals

7. Constant Dollar (1981) Average Yearly Permit Value Change, 1977 - 1986

8. Single Family Renovations by Building Permit 1976 - 1986

9. Growth of Home Improvement Firms, 1976 - 1986

10. Building Supply Firms, 1976 - 1988

11. Study Areas

LIST OF APPENDICES

A. Interview Schedule, Suburban Tracts

B. Interview Schedule, Major Renovators

C. Interview Schedule, Renovation Firms

D. Statistical Tabulations, Renovation Activity in Inner-City Kitchener

E. Survey of Home Improvement Services (Informal Sector) as Advertised in K-W Record throughout the Month of May, 1988

INTRODUCTION

It is now widely recognized that over the last decade or so, increasing proportions of construction expenditures have been channeled towards repair and renovation of the existing housing stock rather than towards additions to the stock in the form of new dwelling units. (Baer, 1986; CMHC, 1986; 1987; Fallis, forthcoming; Grebler and Burns; 1987.) Some of the reasons for this shift have become increasingly clear over the last decade. To begin with there is the fact that the Canadian housing stock is aging. Housing built in the pre- and post-World War I booms and even that from the post World War II boom is, to a greater or lesser degree, obscolescent by today's standards (Harris, 1988). Deterioration and disrepair are also generally associated with age. Another reason for growth in renovation activity has been attributed to renewed interest in inner-city living and, on the part of middle class home owners, a growing attraction to the purchase and renovation of older homes in central city neighbourhoods (Caskie, 1983). There also appears to be an increasing trend for homeowners to stay in their own homes and neighbourhoods rather than moving on to bigger and better homes as income and/or family size warrants (Rossi, 1955). Seek (1983) and Jackson (1985) refer to this as the tendency to improve rather than move. Finally, of course, as with most forms of consumption, trends catch on; homeowners get ideas for their own home improvement projects from watching what their neighbours do. In

this respect home renovation becomes a diffusion-like process; it catches on.

Figure 1 illustrates the rather dramatic shift away from new construction towards renovation. Figure 2 shows that in Ontario renovation activity has risen from approximately 33 per cent in 1962 to near 50 per cent today. Futurists further predict that if current trends in population growth continue, renovation will come to predominate over new construction within the foreseeable future (Gertler, et al, 1987). Despite all this, very little is currently known about the process of home renovation or about the structure of the renovation industry. The research outlined in this report has been designed to establish a substantial knowledge base relating to all aspects of home renovation using the City of Kitchener as a case study example.

RESEARCH RELATED TO THE STUDY OF HOME RENOVATION

Since World War II, the Canadian housing stock has undergone significant change. Much of this change came about through the introduction of new forms of housing, viz high-rise apartments in the 1960s and townhousing and condominium ownership in the 1970s. Over the last decade the trend to meet market demand with new housing starts has abated somewhat while, as shown above, investment in renovation of the existing stock has grown rapidly[1].

FIGURE 1

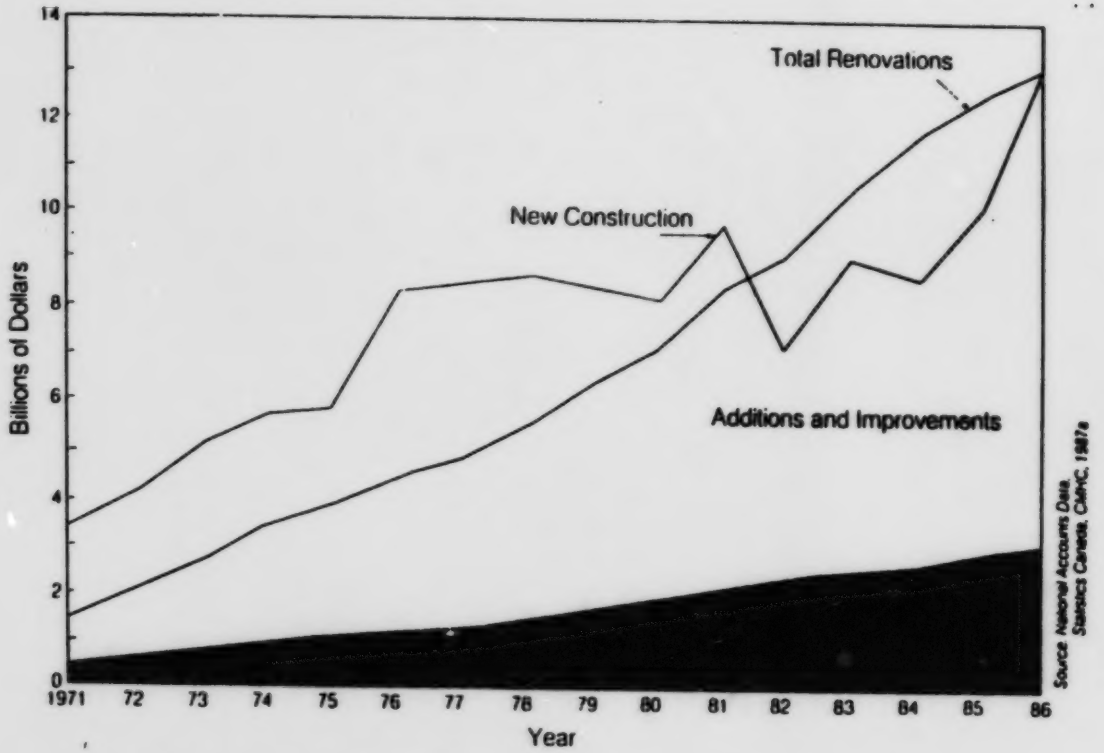


Figure 1: Renovation and New Construction Expenditure in Canada, 1971-1986

FIGURE 2

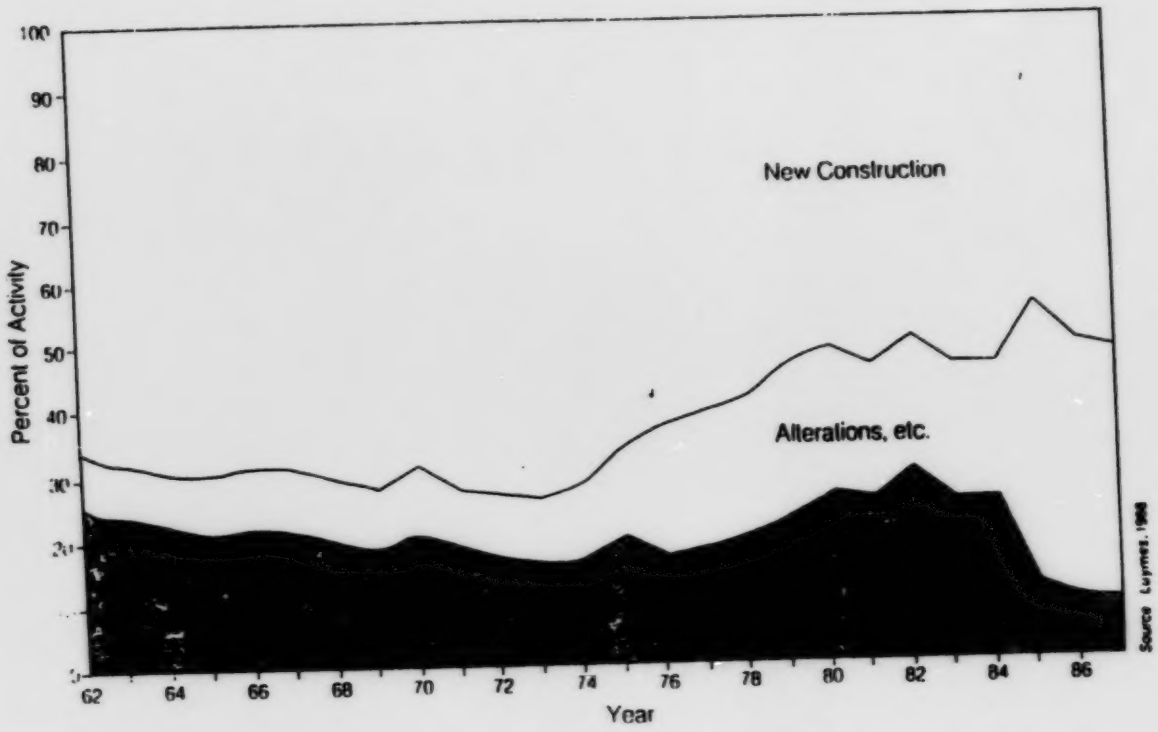


Figure 2: Distribution of Residential Construction Activity, by Type, Ontario 1962-1987

There is however, only a small body of work that deals with home renovation as such[2]. There are in contrast a number of studies that examine homeowners' proclivity to reinvest in the existing housing stock. These studies show, hardly surprisingly, that rates of investment in home improvement are directly and highly correlated with household income (Galster, 1987; Galster and Hesser, 1982; Morrison, 1978; McConney, 1985; Mendelsohn, 1977; Phipps, 1983; 1986; Seek, 1983). Other, more subjective factors found to be associated with home improvement are households' emotional attachment to home and neighbourhood (e.g. Adams, 1984; Bratt, 1983; Cooper-Marcus, 1974; Margulis, 1987).

Unfortunately, Miron's (1988) ground-breaking work on housing trends in postwar Canada does not deal with changes in housing that come about through renovation and other sorts of improvements and alterations to the existing stock. Two important trends emerge from Miron's analysis: the trend to **smaller-sized dwelling units** accommodating smaller-sized households and the trend to **higher quality housing** accommodating increasingly larger numbers of affluent households, many whose affluence derives from the now common form of two wage-earner household. A concomitant third trend sees increasing problems of **affordability** among lower income households. As this report will show, some of these trends are not confined to new housing starts but pertain as well to patterns of home renovation.

Gentrification, the process whereby middle-income households invest heavily in older, previously working-class neighbourhoods reflects both the trend to smaller sized households and the trend to more affluent consumption patterns identified in Miron's work. By far the majority of research carried out on home renovation to date has focussed on this highly visible, stylized type of home renovation (see, for example, Gale, 1979; 1984; Hamnet, 1984; Holcomb and Beauregard, 1982; Lang, 1982; London, 1980; London and Palen, 1984; Sabourin, 1988; Smith, 1982; Smith and Williams, 1986). Indeed, gentrification has been so widely studied as to, in a sense, have been exaggerated in the popular media as well as in the academic literature. Gentrification is now reasonably well understood from a demand driven perspective that identifies factors influencing the housing choice of the relatively small segment of "gentrifiers" within Canadian cities (i.e. household size, tight housing markets, fuel costs, antiquarianism, careerism).

More recent work has advanced our knowledge of residential reinvestment on two different fronts, empirical and theoretical. Each of these endeavors is important to understanding the broader phenomenon of home renovation, as opposed to gentrification <u>per se</u>. At the theoretical level, a number of studies have attempted to achieve a wider view of the relation between economic and societal restructuring and inner-city change. Loosely termed structuralist in approach, this body of work describes how factors

that interact at a societal scale have a direct impact on internal city structure and housing markets (Beauregard, 1986; Baer, 1986; Williams, 1984; 1986). Ley (1981; 1986a; 1986b; 1987) for one, associates a growth in tertiary and quartenary employment sectors with growth in higher income, white-collar employment in downtown centres and an increasing attraction to inner-city living. Others, like Rose (1984) adopt a different perspective that introduces factors associated with social reproduction to those of economic production. This work links various concomitants of the decline of patriarchal families (women in the workforce, professionization of female labour, reduced birth rates, smaller households) with a renewed demand for smaller dwelling units in older, inner-city neighbourhoods. Smith (1987) adds fundamental change in consumption habits to these broad structural shifts. He argues that societal attraction to mass consumption patterns favoured investment in new suburban housing in the decades following World War II. In contrast, today's trend setters exhibit privatized or individualized consumption patterns that, among other things, favour inner-city locales and unique styles of home renovation. As shown in Figure 3, Bunting and Filion (1988) have attempted to integrate economic, reproductive and taste/consumption dimensions into a temporal perspective that embraces three distinct stages of metropolitan evolution. They add distinctly Canadian (e.g. postwar foreign immigration giving rise to inner-city home renovation) and planning-related (e.g. downzoning of inner-city neighbourhoods, increased cost and density of new suburban housing) components to

FIGURE 3

Societal, Metropolitan and Inner City Change

Societal Phase	Metropolitan Change	The Role of the Inner City
Industrial: Production-oriented Large proportion of blue collar employment - Working-class incomes lower than that of other classes - Predominance of family values Low women participation in labour force - High birth rates - Low overall consumption levels	The inner city still occupies a large proportion of the metropolitan region. High density within urban areas and important reliance on public transportation, in particular on the street car.	Cumulates all urban functions. Principal location of offices, industries, retail outlets, institutions. Residential area for all social classes with a predominance of the working class
Industrial: Mass Consumption - Large but decreasing proportion of blue collar employment - High productivity, increasing wages; many workers join the middle class - Predominance of family values - Low but growing female participation in the labour force - High birth rates - High consumption levels involving the purchase of industrial goods	Urban explosion, fall in overall densities. Important road and expressway investments accompanied with an exponential growth in car use. Population, industry and retail locate massively in suburbs. Growing distinction between inner and outer urban form.	Mass exodus of industries and middle-class residents. The inner city is ill-adapted to mass consumption. The CBD preserves its office and retail functions. High income areas are stable. Middle-class residents are often replaced by immigrants
Post-industrial - Simultaneous deindustrialization and growth in service sector employment - Stagnant productivity and incomes - Decline in family values High female participation in the labour force - Low birth rates - High consumption levels involving increasingly the purchase of services	New suburbs are increasingly distant from the CBD. Traffic congestion is on the rise. Densification of suburbs	Important employment growth in the CBD. The inner city is adapted to the requirements of a service-oriented lifestyle. Inner-city living becomes attractive for many managers in the CBD. Replacement of lower income residents.

After (Bunting and Fi... 1983)

the broad structuralist picture.

A very different research thrust is derived from recent studies that are basically empirical in nature. This work is important in demonstrating that home renovation is not confined to gentrifying neighbourhoods. Rose (1984) uses the concept of "marginal gentrification" in reference to economically constrained white-collar households who require a central location but cannot afford to invest heavily in large-scale home renovation. Dantas (1988) discovers areas where there has been substantial investment in inner-city home renovation, though the rates and styles of renovation are relatively small scale in comparison to what has traditionally been found in gentrified neighbourhoods. Phipps (1983) has studied six neighbourhoods in central Saskatoon. On the one hand, he finds no evidence of gentrification <u>per se</u>; on the other, neither is there much use of publically-sponsored rehabilitation funds. Phipps does, however, find that many new home purchasers invest modest yet significant amounts to upgrade older residential properties. Smith and Woodman (1988) and Bunting (1987a and 1987b; Bunting and Phipps, 1988) have found similar patterns of reinvestment in the respective cities of Edmonton and Kitchener. Recent work by Millward (1988) goes so far as to establish a taxonomy of residential upgrading in inner-city Halifax. Categories range from neighbourhoods that undergo publically-sponsored incumbent upgrading entailing physical but not social upgrading through to neighbourhoods exhibiting increasing

social status though limited physical improvement in dwelling unit quality and ultimately to fully-fledged gentrified areas wherein both physical and social upgrading configure strongly.

There is also a reasonably large body of research (e.g. CMHC, 1986; 1987; Listokin, 1983), on policy aspects of home rehabilitation. In Canada there is a much more specific body of work that investigates the impact of publically-sponsored renovation schemes, notably the Neighbourhood Improvement Program (NIP) and Residential Rehabilitation Assistance Program (RRAP). Evidence regarding the effectiveness of these programs has been mixed (Filion, 1988; Mercer and Phillips, 1981; Phipps, 1983; 1986; Mark and Goldberg, 1985; Millward and Davis, 1986). It is however clear that public assistance programs have not been a major factor bringing about increased rates of home renovation.

In sum, more recent work on inner-city revitalization and housing renovation suggests that broadly based societal and economic restructuring have given rise to changing patterns of housing consumption with the result that reinvestment in the existing stock has begun to rival new construction as a means of supplying consumers' demand for housing. Gentrification aside, there is further evidence that renovation is undertaken in many different locales and by many different household types. There have been a limited number of surveys of home renovation practices which show a not unexpected correlation between household income

and attachment to property and rate or volume of reinvestment. Thus despite the dramatic growth that has taken place in home renovation, there are numerous unasked and unanswered questions about what drives the process from both the producer/supply and consumer/demand side of the equation. In particular there are at least two major shortcomings in research that has been carried out to date. First, is the almost exclusive focus on renovation activity within the older housing stock in inner-city neighbourhoods. Second, is the fact that, with a few notable exceptions discussed later in this report, attention has been focused to market demand and consumption concerns. The production or supply side, that is the renovation industry as such, is less understood.

THE RESEARCH PROBLEM

This study has been designed to address current deficiencies in our knowledge of home renovation. The research reported on here has a tripartite organization that focuses on the operation of the renovation industry from both a supply and demand perspective. The investigation has been carried out in the City of Kitchener, a fast-growing, medium-sized, industrial city located 100 km west of Metropolitan Toronto. It builds on earlier work dealing with renovation in inner-city Kitchener. However, the geographic scope

of this project extends throughout the entire City of Kitchener.

The first phase in the research is a chronological investigation of growth in home renovation activity over the most recent decade, 1976-1986. For purposes of this phase of the study, renovation activity is measured from building permits and gauged against new housing starts on a per annum basis. The objective is first, to compile an accurate description of trends in the industry over time and second, to provide a broadly-based interpretation of the observed pattern in terms of national- and regional-level economic cycles impacting on housing markets. In very general terms and within the well-recognized constraints of the building permit data, this phase in the analysis answers questions as to where and what volume of renovation has taken place.

The second phase of the study asks "who" renovates. This phase is concerned with consumer demand for home renovation. It entails two surveys. First is the survey of a sample of households identified in phase one to be large-scale renovators, that is households who within the last two years have taken out a building permit for renovations in excess of $5,000. The second survey looks at home renovation activity in suburban neighbourhoods. This phase of the research is modelled after survey research work dealing with residential renovation in inner-city Kitchener already completed by Bunting (1986a; 1987; 1987b). Household-based survey research is needed here to provide information about the small

scale and "do-it-yourself" side of the renovation industry which, though harder to identify than renovation formally contracted with a building permit, has been found to represent a substantial amount of activity. Both large- and small-scale renovation surveys also assess households' reasons for undertaking renovation and their perceptions of the function of renovation as an alternative to further home purchase. Taken alongside findings from the previous study by Bunting, this phase in the research will provide a spatial accounting of home renovation practice by amount and type extent throughout the City of Kitchener. It will also allow us to test and refine Bunting's (1986; 1987a; 1987b) conclusions about factors associated with residential upgrading. Finally, the design of this portion of the analysis will provide a firm estimate of the relative importance of the unpaid, "sweat equity" side of the industry as compared with the formally contracted services that together make up the renovation industry as it operates in Canadian cities today.

The third component of the research examines the formal supply side of home renovation through survey of a representative sample of industries shown in phase one to be active in the local market. The objectives are fourfold: first, to compare costs and type of activity undertaken by contractors as compared with "do-it-yourself" homeowners surveyed in phase two; second, to provide a detailed picture of growth and change in the industry to mirror the more general information compiled in the first phase of the

research; third, to generate understanding of how the industry operates in terms of labour and material sources, financing, subcontracting and the like; and fourth, to include business perception of what drives the renovation industry and how it is likely to change in future. This phase in the research is particularly important given the relative dearth of research about the business side of renovation activity.

RECENT HISTORIC PERSPECTIVE

Building Permits Issued for Renovation Activity, 1976-1986

Previous research has shown that building permits can be used to give a reasonable estimate of levels of renovation activities (Millward and Davis, 1986; Sabourin, 1988). These permits are issued by municipalities primarily to ensure that all types of construction conform to the building standards required by law. All new construction requires a building permit. Where renovation activity is concerned, practices are much more flexible and vary from one city to another. Underreporting can also occur particularly when less visible forms of renovation are undertaken, and households attempt to evade the reassessment procedures that

the issue of a building permit instigates. In the City of Kitchener, most home renovation activity e.g. remodelling kitchen or bath, finishing basement or attic, does not require an official municipal permit. The only consistently recorded cases of renovation activity are those involving addition to the exterior dimensions of an existing dwelling. Accordingly, the current analysis is limited to major renovations that involve the addition of new interior living space. [3] As is consistent with the focus of this research, observations are restricted to single-family dwelling units.

The recent historical record of major renovation activity in Kitchener has been reconstructed from municipal building permit records. Figure 4 shows the pattern by number of permits issued over the ten year period. Except for some abberation in 1977 and 1983 the trend is clearly incremental over time with a rapid upswing in 1985. This pattern is mirrored in Figure 5 which gives average value of permits per annum in both constant (1981) and current dollars and in Figure 6 which shows total per annum renovation expenditure as identified from the building permit files. Figure 7 charts the year-by-year percentage change in average permit value. Here the pattern shows quite considerable variation from one year to another. This pattern is not unlike that which characterizes new housing starts within the construction sector at large. In a similar manner, Table 1 attests to the highly seasonable nature of yearly renovation activity patterns,

FIGURE 4

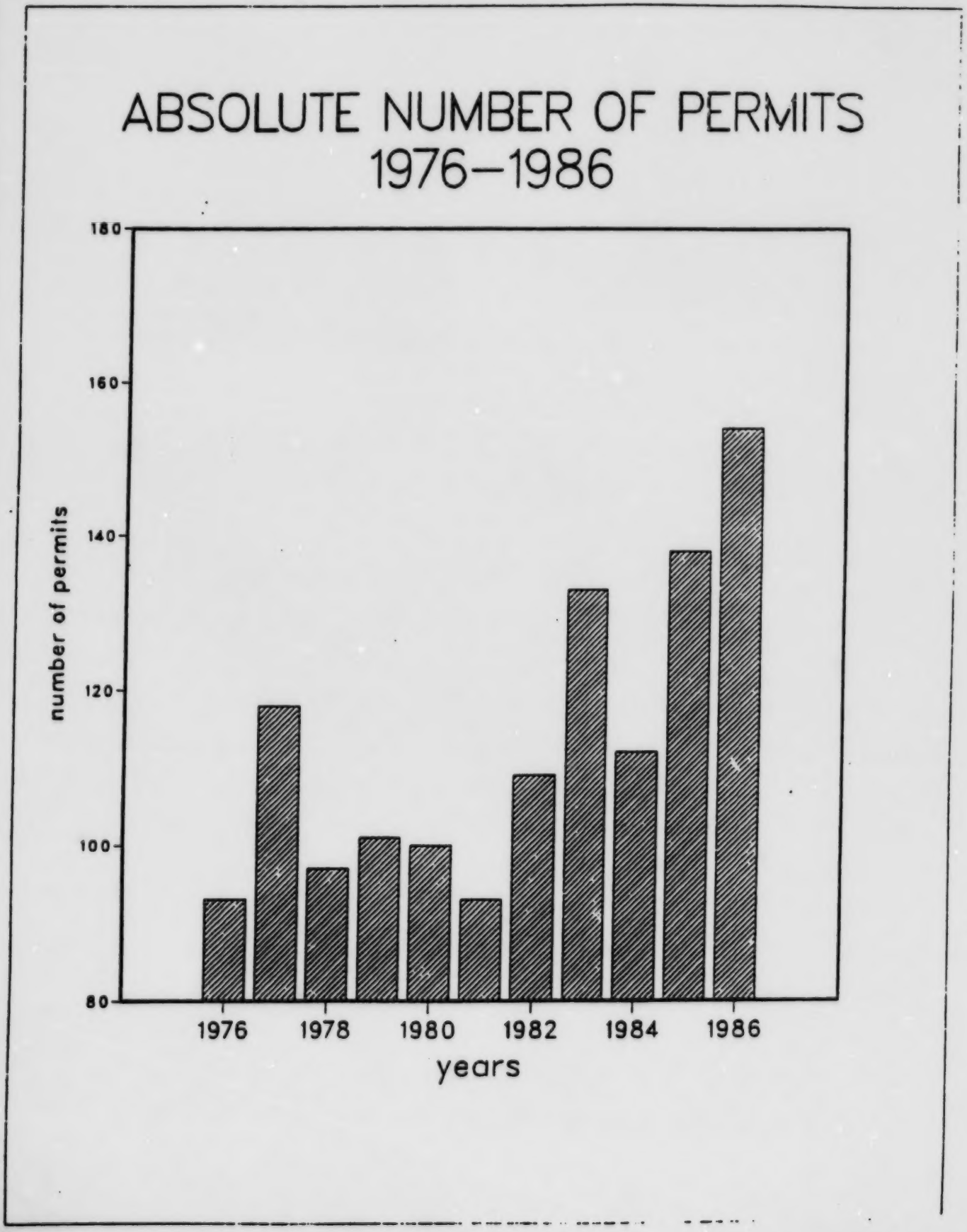

ABSOLUTE NUMBER OF PERMITS
1976–1986
180
160
140
120
100
80
number of permits
1976
1978
1980
1982
1984
1986
years

FIGURE 5

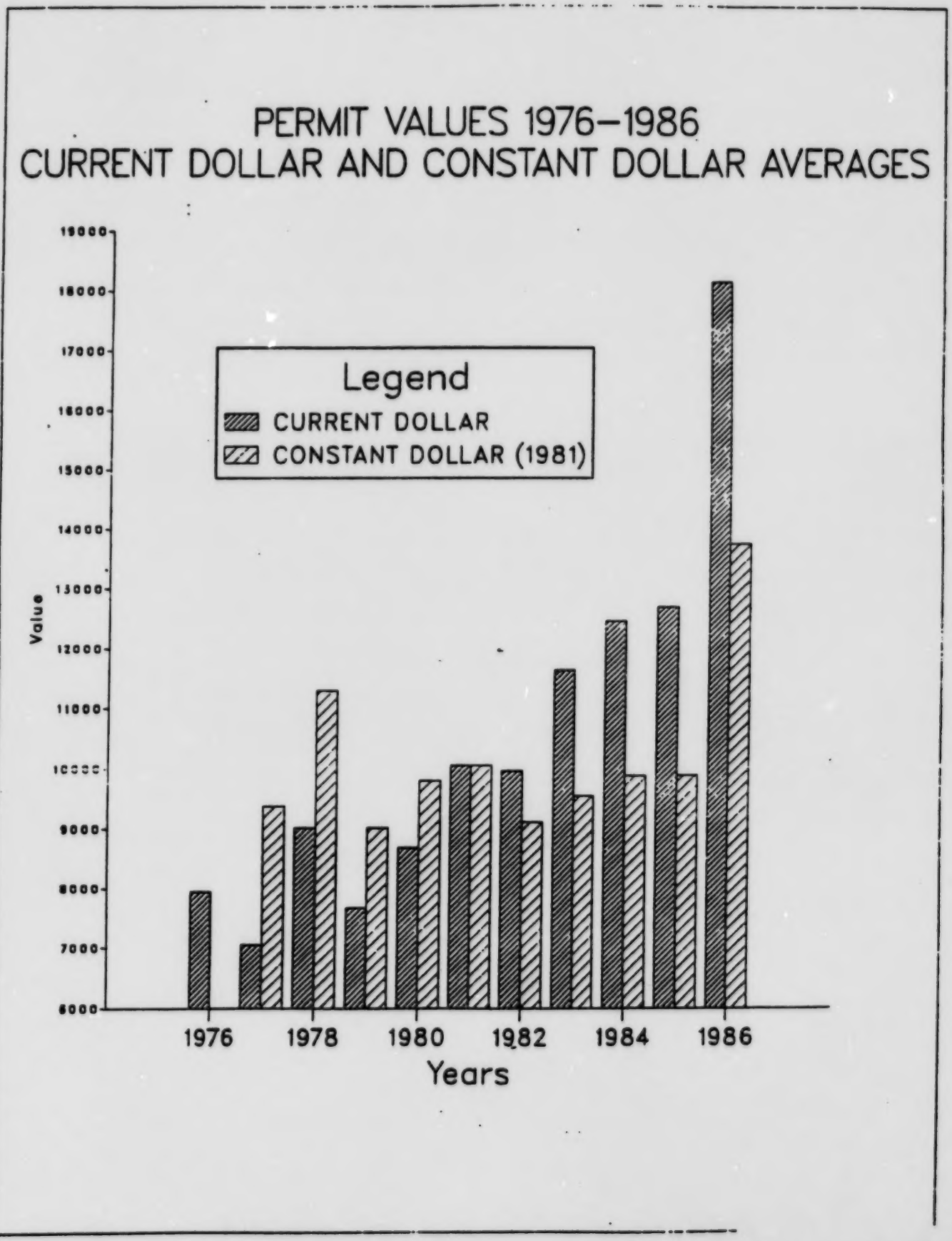

PERMIT VALUES 1976–1986
CURRENT DOLLAR AND CONSTANT DOLLAR AVERAGES
Legend
CURRENT DOLLAR
CONSTANT DOLLAR (1981)
Value
19000
18000
17000
16000
15000
14000
13000
12000
11000
10000
9000
8000
7000
6000
1976
1978
1980
1982
1984
1986
Years

FIGURE 6

PERMIT VALUES 1976–1986
CURRENT DOLLAR AND CONSTANT DOLLAR TOTALS

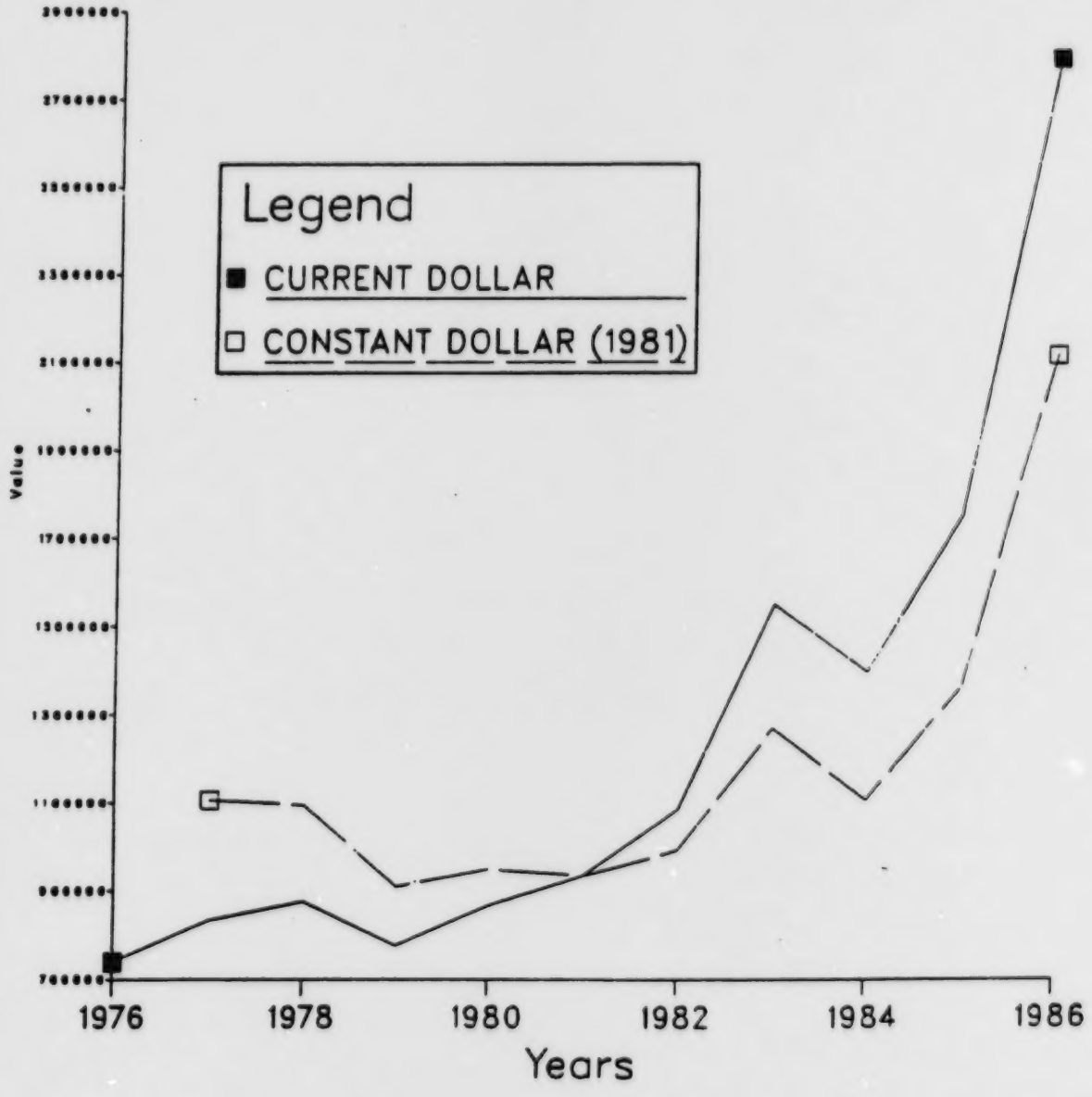


FIGURE 7

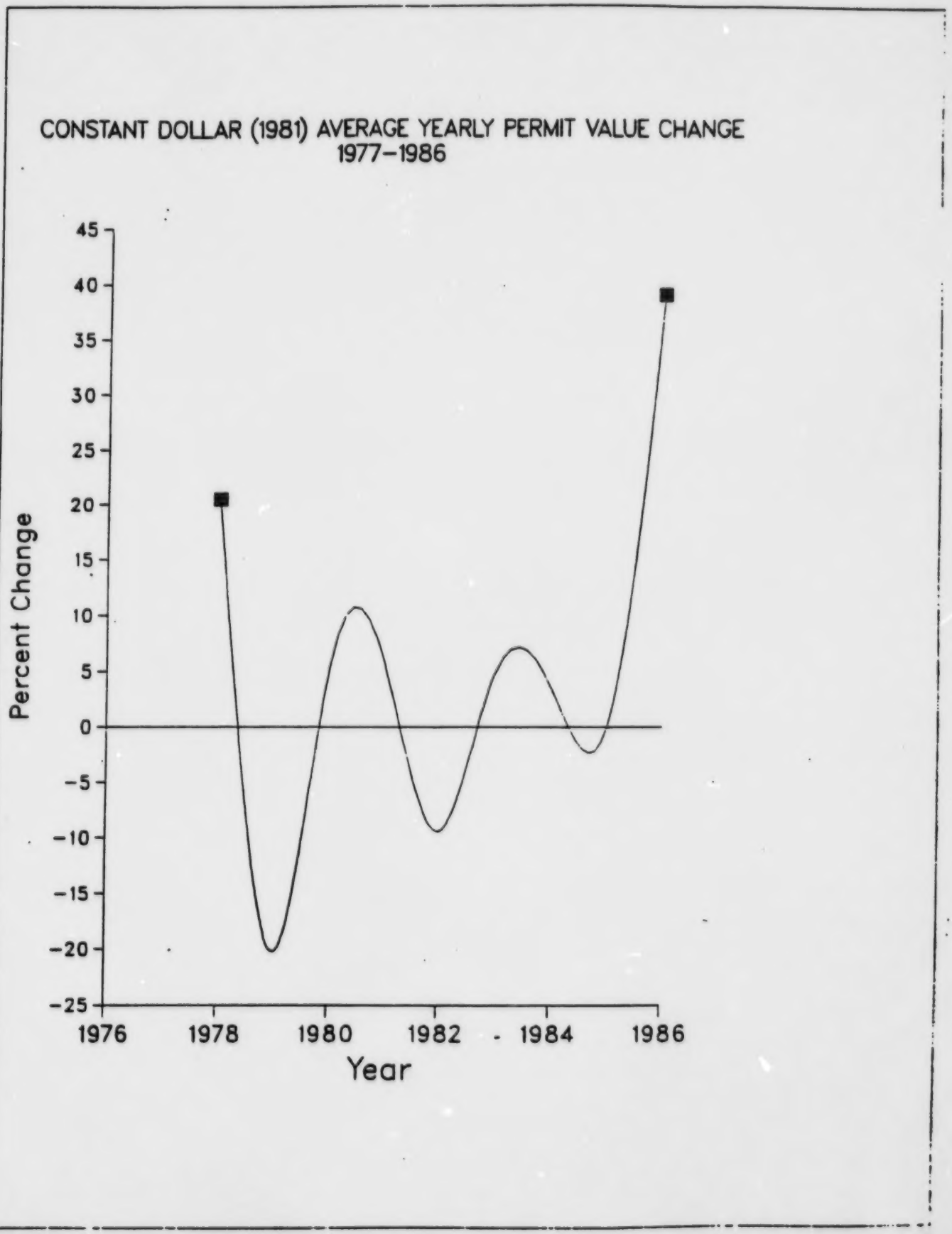

CONSTANT DOLLAR (1981) AVERAGE YEARLY PERMIT VALUE CHANGE
1977–1986
Percent Change
45
40
35
30
25
20
15
10
5
0
-5
-10
-15
-20
-25
1976
1978
1980
1982
1984
1986
Year

TABLE 1

ABSOLUTE NUMBER OF HOMEOWNER BUILDING PERMITS ISSUED, BY MONTH

CITY OF KITCHENER

1976-1986

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	TOTAL
January	5	5	0	3	5	3	1	8	2	0	4	36
February	0	6	6	6	4	1	5	5	6	5	7	52
March	5	5	5	10	7	9	7	12	6	12	8	86
April	14	19	14	8	8	15	19	14	20	18	16	165
May	5	18	15	6	8	12	15	17	14	12	27	149
June	23	11	15	7	11	14	14	14	10	20	17	156
July	12	19	9	10	9	12	13	11	10	13	18	136
August	10	9	15	18	9	8	4	12	18	15	12	130
September	10	16	7	10	14	9	11	12	8	19	16	132
October	2	2	7	14	10	5	5	15	11	8	18	97
November	5	4	4	9	5	4	11	10	2	11	8	73
December	2	4	0	0	10	1	4	3	5	5	3	37
TOTAL	91	120	97	101	100	93	109	133	112	137	152	

though it must be remembered that only renovations in the form of additions have been included here. One would expect that other more "interior" renovation projects might exhibit less seasonal variation.

Statistical analyses have been run in order to test hypothesized relationships between rates of renovation activity and other more general characteristics of the housing market namely, the volume of single-family housing starts, total value of single family starts, mean value of single family starts and inflation in single-family starts, over the ten year period 1976-1986 (Table 2)[4]. The strong correlation between single-family construction activity and renovation activity, particularly in monetary terms, suggests that similar factors are driving both components of the construction industry, primarily that is rates of economic prosperity and interest over the decade 1976-1986. The significant though lower correlate with inflation in the price of new housing further suggests that both the renovation and new construction arms of housing industry share common economic roots. There is also a direct relationship between mortgage rates and volume of renovation activity that operates in much the same pattern as has been observed for private market, single-family housing starts, though the erratic pattern of fluctuating interest rates over the period 1979-1982 makes this difficult to capture statistically. The patterns outlined here show significant decline in renovation activity after 1981 when interest rates climbed from

TABLE 2

CORRELATES (R^2) BETWEEN BUILDING PERMITS AND SINGLE FAMILY CONSTRUCTION ACTIVITY, 1976-1986*

	Building Permits Per Annum	x Value Building Permits Per	Total Value Building Permits
SF Housing Starts Per Annum	0.42 (.03)	0.34 (0.06)	0.46 (.022)
Total Value SF Housing Starts Per Annum	0.61 (.004)	0.64 (.003)	0.76 (.0005)
x Value SF Housing Starts Per Annum	0.68 (.002)	0.91 (.0001)	0.92 (.0001)
Inflation SF Price	0.17 (.23)	0.41 (.045)	0.36 (.065)

* Statistical probability shown in parentheses

10.75 per cent to 14 plus per cent. Reduced levels of activity continue through to 1982-83 when mortgage rates declined and stabilized and when CMHC's Canadian Home Ownership Stimulation Program (CHOSP) and Canada Home Renovation Plan (CHRP) initially began to reactivate the housing market. The continuation of these trends along with general economic prosperity result in the explosive growth seen in 1986.

A further set of statistical analyses tests for spatial variation in renovation activity. The spatial patterning of building permits issued throughout the City of Kitchener between 1976 and 1986 is recorded cartographically in Figure 8. The map shows beyond question that home renovation is not particularly an inner city phenomenon, at least not in the City of Kitchener. Though the geographic pattern is generally dispersed, there appears to be some concentration in more affluent census tracts. Both analysis of variance and regression techniques have been applied to a set of three dependent variables (total value of permits, mean value of permit, number of permits) and nine independent spatial variables (average value of dwelling unit, median family income, per cent change in dwelling unit value, per cent population with university degrees, per cent professional employment, per cent housing built before 1946, per cent population less than 15 years of age, per cent housing owner-occupied and distance from the CBD on a census tract basis). Few and relatively weak correlates that are statistically significant emerge from these analyses. Results

FIGURE 8

Single Family Renovations by Building Permit - 1976-1986

from the analysis of variance as presented in Table 3 show that variation in renovation activity corresponds with socio-economic class as indexed by education and occupation, though not by income. As distinct from analysis of variance, regression yields eight sets of statistically significant R^2 values. As Table 4 indicates these include: number of building permits with education, occupation and owner-occupancy; total value of building permits with education, occupation and owner-occupancy; average value of building permits with value of dwelling and family income. Though the R_2 values are very low, this analysis adds owner-occupancy and income as spatially variable socio-economic factors that correlate with the volume of large-scale renovation activity in different locations throughout the City of Kitchener. Overall, renovation activity is found more likely to occur in stable, white-collar neighbourhoods. It is notable that education and occupation figure much more significantly than income as correlates of renovation activity. This is consistent with earlier findings on patterns of home improvement in inner-city Kitchener (Bunting, 1986) though it differs somewhat from other findings (e.g. Morrison, 1978; Phipps, 1983) wherein income predominates as the main correlate of renovation activity, albeit previous findings themselves are quite limited. The strength of educational status within current findings may well mean that lifestyle factors are as important as economic factors in gauging households' proclivity to undertake home renovation. Finally, it needs reiteration that home renovation is just as much, if not more, a suburban as a central-

TABLE 3

BUILDING PERMIT ACTIVITY BY CHARACTERISTICS OF RESIDENTIAL CENSUS TRACT, ANALYSIS OF VARIANCE, STATISTICALLY SIGNIFICANT FINDING

Correlates	F	Probability	Values
Total Value of Building Permits/% Professional Employment	4.62	0.019	high $838,400.0 med. $439,028.5 low $257,237.5
Total Value of Building Permits/% Population With University Degree	4.22	0.026	high $764,683.3 med. $406,875.0 low $292,183.3

* high = > 1 standard deviation above mean;

low = >

TABLE 4

BUILDING PERMIT ACTIVITY BY CHARACTERISTICS OF RESIDENTIAL CENSUS TRACT, REGRESSION ANALYSIS, STATISTICALLY SIGNIFICANT FINDINGS

Correlates	R^2	Probability
Number of Building Permits/ % Population with University Degree	.18	0.020
Number of Building Permits/ % Professional Employment	.14	0.046
Number of Building Permits/ % Owner-Occupancy	.15	0.036
Toatl Value of Building Permits/% Population with University Degree	.32	0.002
Total Value of Building Permits/% Professional Employment	.22	0.011
Total Value of Building Permits/% Owner-Occupancy	.20	0.014
Average* Value of Building Permits/ Average* Value of Dwelling Unit	.29	0.003
Average* Value of Building Permits/ Median Family Income	.18	0.027

* mean

city phenomenon in the City of Kitchener.

Home Improvement and Building Supply Firms, 1976-1986

The enumeration of building permits gives us an operational index of consumer demand for home renovation. It is difficult however to find a comparable measure relating to the supply of home renovation services. For purposes of the current study, economic growth within the renovation industry in the Kitchener area has been calibrated through enumeration of companies advertising themselves as specialists in "Home Improvement" in the Yellow Pages listings of the Bell Telephone Directory for the Regional Municipality of Waterloo over the years 1976-1986. [5] The growth in number of firms as displayed in Figure 9 mirrors the pattern of building permits by volume over the same ten-year period, especially as regards the drop in renovation activity after 1980 and subsequent recent escalation. The number of renovation businesses rises from 74 in 1983 to 115 in 1986; an increase of over 50 per cent. At face value this suggests that the entrepreneurial sector is reasonably efficient in responding to changing demand conditions. However, an additional point to merge from the telephone directory listings concerns survivorship within the renovation industry. Here the picture cannot be said to reflect economic efficiency. Table 5 evinces relatively high rates of loss of firms within this sector. Closer examination of these data show that the majority of inoperative establishments are new

FIGURE 9

GROWTH OF HOME IMPROVEMENT FIRMS 1976–1986

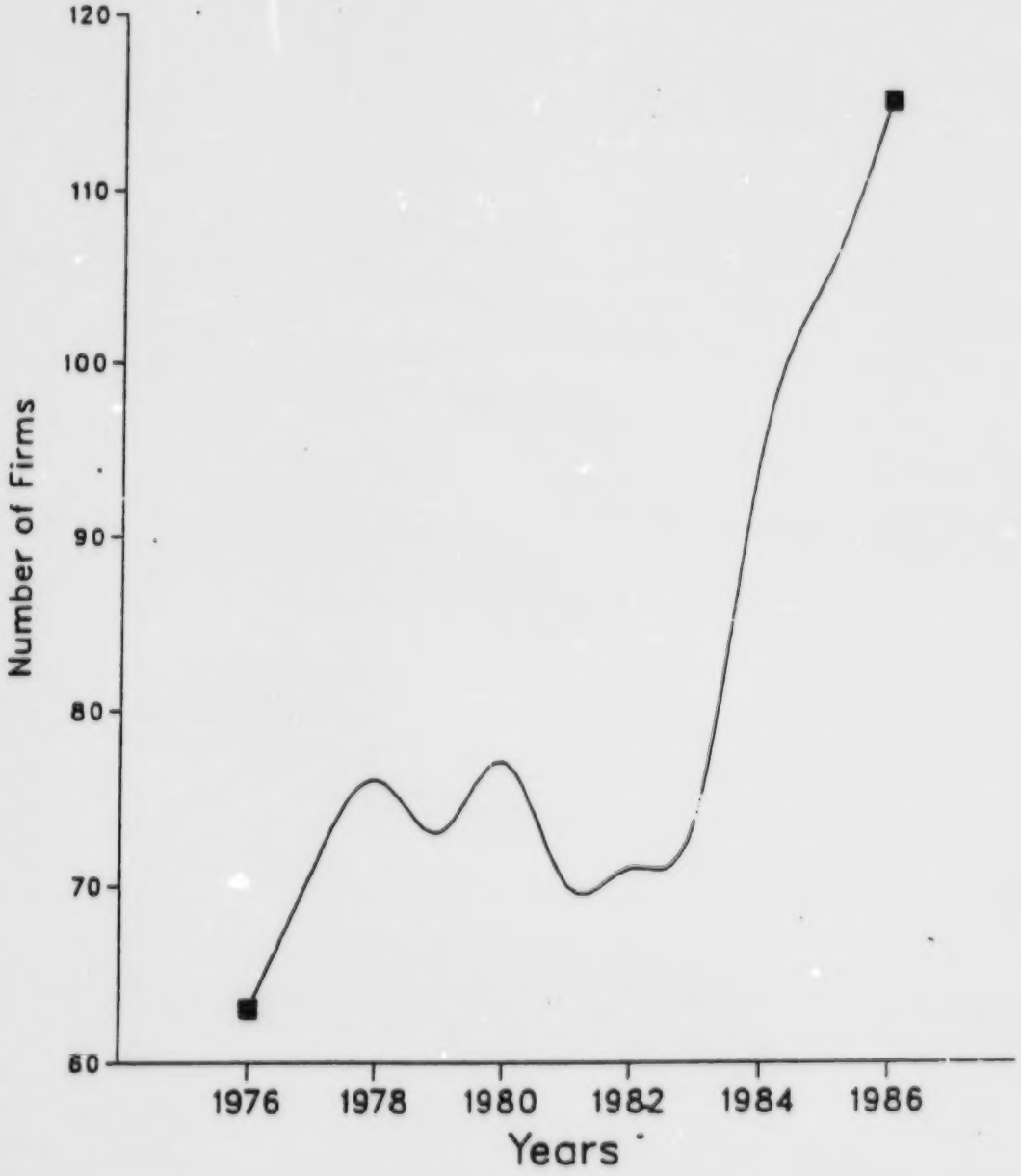


TABLE 5

CHANGE IN NUMBER OF RENOVATION FIRMS 1976-1986

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
gain		18	22	21	24	24	17	20	37	37	37
# of firms	63	71	76	73	77	70	71	74	95	105	115
loss		10	17	24	20	31	16	17	16	27	27

* gain and loss represent the number of firms gained and lost between the column year and the following year.
e.g. between 1976 and 1977 18 new firms appeared and 10 exisitng firms were lost.

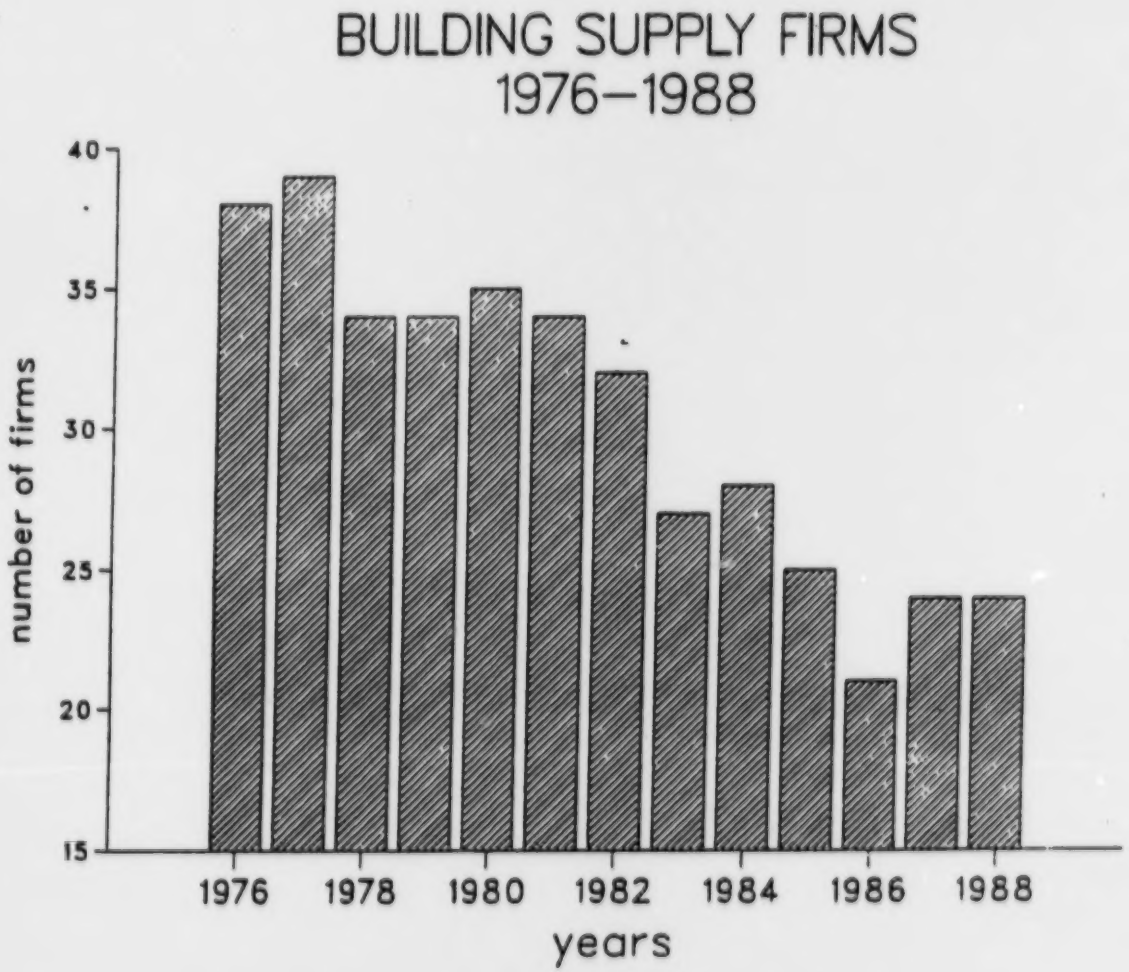
enterprises that fail to make it through the first year or two in business.

One other indicator of activity on the supply or production side of the home renovation industry is building supply companies who act as the major supplier of materials used in home renovation by both "do-it-yourself" householders and professional renovators. Here Figure 10 shows a distinct decline in this sector as assessed by the number of listings in Bell Canada's Yellow Pages. As this runs contrary to overall recent growth trends in new residential construction as well as in residential renovation, it must be that smaller, less competitive suppliers have been forced out of business. The decline is clearly apparent in the "building bust" stage that occurred in the late seventies and early eighties. It now seems to have levelled out with some slight growth. This suggests that increased demand for building and renovation supplies has probably been met through economy-of-scale expansion of the more competitive suppliers.

CONSUMER PERSPECTIVES ON HOME RENOVATION

Understanding the consumers' role in home renovation requires survey research and direct contact with households who either undertake or might be expected to undertake home improvement projects. Surveys are required not only to assess individuals'

FIGURE 10


BUILDING SUPPLY FIRMS
1976–1988
number of firms
40
35
30
25
20
15
1976
1978
1980
1982
1984
1986
1988
years

motivations to invest in home renovation but also to accurately gauge the extent of renovation activity, much of which is often invisible from the streetscape and not formally enumerated by any statistical index. This study is concerned with the fundamental characteristics of homeowners' renovation activity, that is, the who, what, why, how and where. In methodological terms, there are two components to the consumer-oriented stage in the investigation. First, is an examination of random samples of households who have moved within the last five years, as identified in Vernon's Municipal Directory. New home owners are singled out because rates of home improvement activity are thought to be particularly high in the years immediately following home purchase. A copy of the questionnaire designed to enumerate newly-purchasing households is reproduced as Appendix A. In the survey, respondents are asked about specific types of improvement they have carried out ranging from painting through to remodelling of the interior and from landscaping through to major additions to the exterior. Detailed accounting of a reasonably comprehensive set of possible improvements is used to ensure that householders enumerate all of their renovation activities. Where cost is concerned, general estimates in the range of $1-$500, $500-$1000, etc. are used to allow the respondent a realistic margin of estimate error.

The survey of home improvement practices among newly purchasing households in the City of Kitchener has been effected through two separate research investigations. The first study

which focussed on inner-city households has already been reported on (Bunting, 1986). A summarized version of this work is set out below in order to provide perspective on the two additional household surveys that are addressed in the current research. The first complements the earlier, inner-city survey with a comparable survey of suburban households. As shown in Table 6, 153 households who had, in the last five years, moved into a previously occupied suburban home were interviewed regarding their home renovation activity over that time period. These households were identified using Vernon's Municipal Directory. (See Harris and Moffat, 1986 for further commentary on the use of municipal directories for this type of research.). Four suburban tracts were surveyed as shown in Table 7 and Figure 11. These tracts were chosen to cover a representative range housing types in terms of income (Tract 19, high; Tracts 8.01, 8.02, middle; Tract 7, lower middle income) and age (Tracts 19 and 17 pre 1970; Tracts 8.01 and 8.02, post 1970).

A second component in the investigation of the consumer or demand side of home renovation focusses on households who undertake major renovation. Households falling into this category are identified in the first, building permit phase of this research. In order to investigate the who, what, why and how of their renovation activity, a 33.8 per cent sample (n=100) of households who had undertaken major renovations in 1985 or 1986 (i.e. additions as identified from the building permit files) was systematically chosen for detailed survey. The finalized interview

TABLE 6

SUBURBAN TRACTS, FIVE-YEAR RESIDENTIAL TURNOVER RATES

Dwelling Unit Status	Tract 7	Tract 8.01	Tract 8.02	Tract 19
Owner-Occupied Stable	882	1,077	1,191	453
Tenant Stable	23	11	9	2
Owner - New Owner	335	695	251	126
Tenant - New Tenant	43	16	14	5
Owner - New Tenant	49	42	19	11
Tenant - New Owner	42	38	14	10
Other	161	370	143	53
Owner-Occupancy Turnover (%)	25	33	16	21
Total Number Surveyed	39	27	73	14
Sample as a per cent of New Homeowners	10%	10%	10%	10%

TABLE 7: CITY OF KITCHENER, HOUSING CHARACTERISTICS, 1981

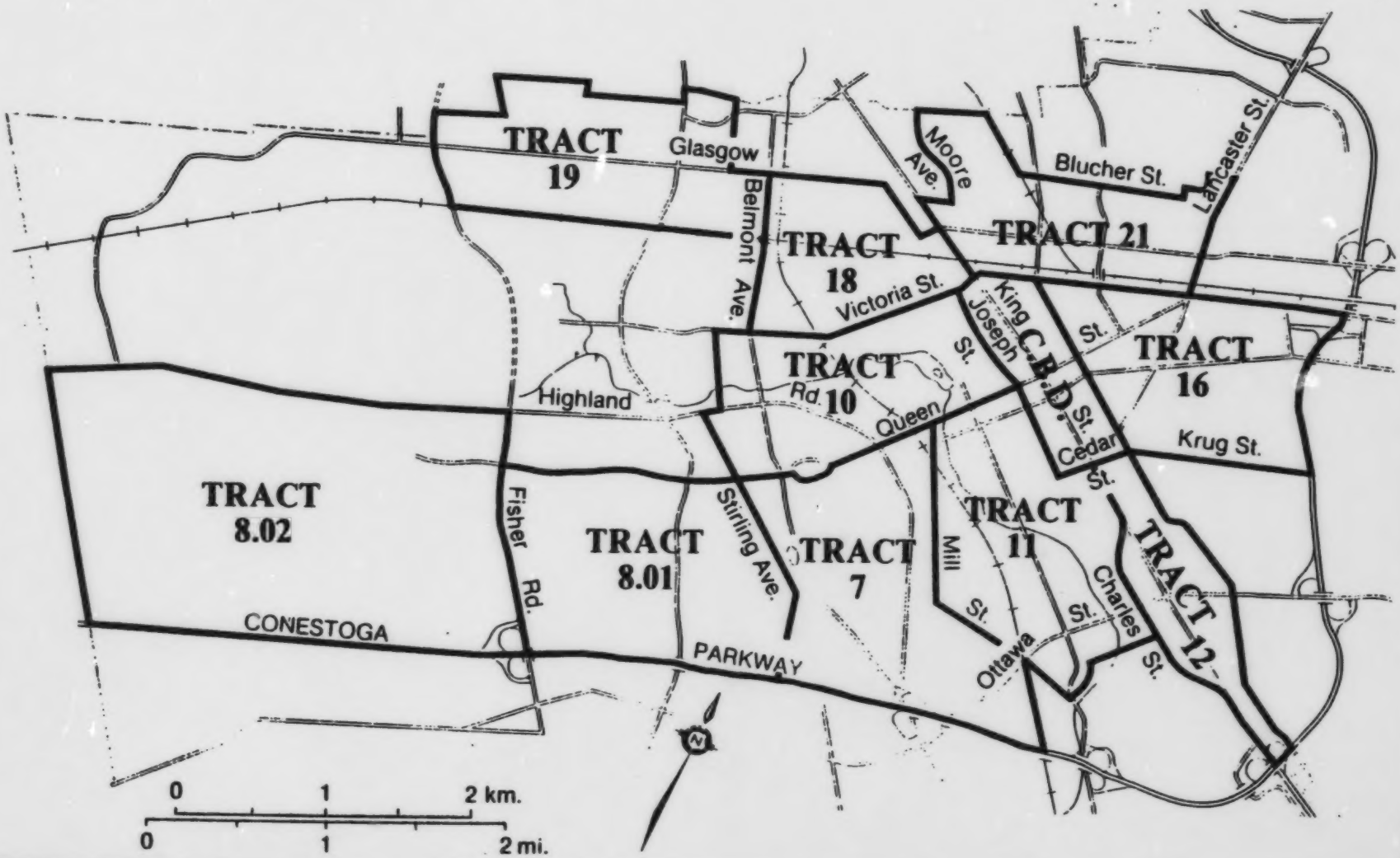
	Tract 7	Tract 801*	Tract 802*	Tract 19
Population	7,563	6,655	8,955	3,304
% Population Change 1971-1981	-10.5	-11.8*	+74.2*	25.2
% Population 15 yrs. 1971	28.3	27.2	36.5	25.5
% Population 15 yrs. 1981	19.9	19.5	33.6	20.4
% Population 65 yrs. 1971	9.7	3.1	1.5	7.0
% Population 65 yrs. 1981	10.2	4.4	1.5	9.7
% Population 25-34 yrs. 1971	15.6	10.5	24.0	15.3
% Population 25-34 yrs. 1981	18.5	9.8	23.1	16.6
% Foreign-Born	24.9	19.8	21.4	26.5
Median Census Family Income ($)	21,166	32,035	31,046	27,070
Education				
% Grade 9	25.9	11.4	6.7	10.1
% University Degree	2.7	12.2	13.3	17.9
% Professional Occupations (Males)**	10.2	37.9	38.1	29.1
% Professional Occupations (Females)	12.3	27.0	25.6	23.7
% Housing Owner-Occupied	47.9	82.3	92.7	60.1
% Apartments ***	47.5	11.4	3.2	35.0
% Change Families per Household 1971-1981				
0	91.8	32.1	88.9	181.8
1	-1.9	-1.6	86.6	25.2
2+	-33.3	-25.0	0.0	0.0
Value of Dwelling ($)	48,815	71,163	67,407	96,835
% Change Dwelling Value 1971-1981	+137.4	N/A	N/A	+349.6
% Dwellings Built Before 1946				

* Data not available for 1971; based on comparisons for 1976

** 1981 Statistics Canada Occupations: Management, Administrative and Related; Teaching and Related: Occupations in Health and Medicine: Technological,

SOURCES:
Statistic:
Statistic:

STUDY AREAS


TRACT 19
Glasgow
Belmont Ave.
TRACT 18
Victoria St.
Moore Ave.
Blucher St.
Lancaster St.
TRACT 21
King St.
Joseph St.
C.B.D.
TRACT 16
Krug St.
Cedar St.
TRACT 10
Highland Rd.
Queen St.
TRACT 8.02
Fisher Rd.
TRACT 8.01
Stirling Ave.
TRACT 7
Mill St.
TRACT 11
Charles St.
TRACT 12
Ottawa St.
CONESTOGA PARKWAY
0 1 2 km.
0 1 2 mi.

schedule approximates the one designed for suburban and inner-city households except that it queries further about major renovation activity. This questionnaire is included as Appendix B. Refusal rates on this schedule were notably high (32 per cent) which we have interpreted as reflecting caution on the part of some households as regards disclosure of information about their financial outlay on major renovation activity. The average building permit value for households who refused to be interviewed was $14,469.57; for those who participated in the survey it was $15,968.00. Statistically, this is not a significant difference.

Home Renovation in Inner-City Kitchener

The investigation of households purchasing homes in inner-city neighbourhoods carried out in 1984-85, concluded that rates of reinvestment in home improvement were modest yet substantial. The study further found that home improvement is not confined to neighbourhoods within walking distance of the CBD but, rather, is extant throughout the inner city at large. The following discussion summarizes more detailed results of the study. Statistical tabulations supporting the findings are available in Appendix D.

Who moves into Older Housing in the Inner-City?

The more salient characteristics of households purchasing

inner-city homes are outlined in Table D-1. What is perhaps most notable here is the lack of correspondence between this demographic profile and that associated with the "middle-class", inner-city gentrifier movement, i.e. small, childless, well-educated singles or couples with well above average incomes. Most surprising is the family status dimension. Households surveyed in Kitchener's innermost neighbourhoods exhibit a degree of familism that is usually associated with a suburban place of residence and lifestyle. Some 68 per cent of households have children under the age of 16 years, over 85 per cent are married, the majority of households consist of 3-4 persons, and, a notable third of female heads-of-households are traditional housewives. (In the entire metropolitan area, 65 per cent of households have children under the age of 18 years. Forty-one per cent of the female population is classified as "not in the labour force".) As a group these households are reasonably well-educated (24 per cent have university degrees as contrasted with 9 per cent throughout the metropolitan area). In comparison to both the inner city and the C.M.A. as a whole, the survey respondents have predominantly high status, white-collar occupations (34 per cent as compared, in 1981, with 23 per cent for the C.M.A. and 20 per cent for the inner city at large). Blue-collar workers in manufacturing, construction, transport and related occupations are underrepresented throughout the sample (the C.M.A. and inner-city average are both around 45 per cent whereas Table 5 shows an average, across all tracts, of 29 per cent). The surveyed households have incomes that reflect

the C.M.A. average. However, relative to the homeowning population across the Kitchener Census Metropolitan Area, this affluence is not outstanding (e.g. only 30 per cent report family incomes greater than $40,000 and 14 per cent over $50,000). The income profile shown here is extremely modest in comparison to the degree of affluence characteristically associated with gentrification.

While surveyed inner-city households did not closely resemble the picture so often painted in the literature of the gentrifying movement, neither did they resemble the incumbent population. Here the contrast is marked in three important ways -- age, socio-economic status and, again, life cycle. The surveyed population comprises youthful, family-oriented households who possess a degree of affluence that resembles the metropolitan average. The incumbent households are older and smaller with reduced levels of education and income. There are more foreign-born respondents in the survey sample than would be representative of the inner city as a whole. This arises largely as a result of the recent influx of foreign-born, Portuguese, households into one of the surveyed census tract.

Renovation Activity

The average purchase price of homes surveyed in inner city Kitchener at the time the survey was conducted was in the order of $75,000, implying an annual investment of $750.00 using the

Canadian Building industry's criteria as to the amount (1% of total home value) that households should be spending yearly on residential upkeep and repair (Phipps, 1983). This amounts to a figure of between $1,000 and $5,000 over a five year period of accounting. Actual rates that sampled, inner-city households report spending on home renovation are displayed in Table D-2. Slightly more than half of the surveyed households (51 per cent) claim to have spent considerably more than this maximum $5,000; only 14 per cent report amounts that might be clearly interpreted as disinvestment or insufficient for purposes of regular maintenance and repair. It is notable that direct, out-of-pocket costs of investment in the improvement of older homes is substantially augmented when unpaid, "do-it-yourself" or "sweat equity" labour is included. As shown in Table D-3, most households who engage in home improvement report a primary reliance on their own, unpaid labour as "sweat equity". This tends to hold true, even for the more technical aspects of renovation involving such tasks as plumbing and heating. Table D-2 and D-3 provide evidence of recent improvement in the housing quality in inner-city Kitchener. There is a marked emphasis on interior, rather than exterior, renovation. The exterior renovations that are reported tend to reflect a concern with maintenance and repair rather than fashionable "facelifting" of an aging facade. There is more activity reported for small-scale, as opposed to large-scale, projects (e.g. painting, floors, landscaping) and for projects which may involve safety (electrical wiring) or which are likely

to prove cost-efficient (heating/insulation). Once again, it needs emphasizing that the majority of households report using their own, unpaid labour rather than the more expensive services of a professional renovator. The composite picture then, is one of modest reinvestment undertaken by households with constrained amounts of discretionary income.

Variable Rates of Investment in Home Renovation

The average figures discussed above mask a great deal of variation that exists in homeowners' ability and/or proclivity to undertake home renovation. In order to identify factors associated with differential rates of investment in inner-city homes, analysis of variance was used to identify variables that have a significant effect on renovation activity as measured in terms of total, interior and exterior renovation. The main effects (one-way analysis of variance) are reproduced in Table D-4 for relationships significant at the 0.05 level or greater. This table shows that more significant variation occurs in conjunction with exterior, as opposed to interior, renovations. The pattern for interior renovation is mirrored by total investment patterns, which is not surprising given that the majority of expenditure is put toward interior improvement. Generally, two sets of variables configure as main effects -- those associated with the inherent character of the housing stock and those that represent measures along which individual households differ. Significant differences in the

amount households invest in their older homes covaries with the type of house that is purchased, specifically its age and size (number of rooms, number of bathrooms). At one level, it is not surprising that older and/or larger dwelling units require more attention from the home improver. As well, however, the main effects suggest that there may be a tendency for renovation-minded households in the inner city to seek out larger and older styles of housing. [6]

There are at least three variables linking households' socio-economic status with rates of renovation: income, education and employment status of spouse. This is not surprising; like time, money in a finite resource that some households have more of. Relationships of this type are well-recognized in the general literature as well as in specific studies of residential renovation within the inner city (Mendelsohn 1977; Morrison 1978; Phipps 1983, 1986). Education probably signifies something beyond direct monetary status. There is, of course, some relationship between income and education though households with the highest educational status are not necessarily the most highly paid in terms of their earnings. One is reminded that education status is also found to be particularly high among gentrifying households. This suggests that the more highly-educated may be especially attracted to older housing and inner-city living and/or relatively tolerant of inner-city "problems". Filion (1987) notes that many of the well educated in our population live in inner-city neighbourhoods when

attending university. He suggests that this experience may attract them to permanent residency in inner-city locales.

Life cycle factors display an interesting effect on external renovation expenditures. Not surprisingly, households with only one head (mainly single-person households or women with dependent children) spend less on exterior renovation. (Though why then, no less on interior renovation?) Most notable in this context is the evidence that households with stay-at-home wives viz. those very households who forego the opportunity to increase their earnings by having more than one wage-earner, invest considerably more in renovating the exterior of their dwellings ($3,294 vs. $2,514). This finding implies first, that households where the female spouse is engaged full-time in homemaking, have a higher-than-average income and second, that these more traditional families may be more concerned with the symbolic facade that their home presents to the rest of the world. This latter more intangible effect is also suggested by researchers like Adams (1984) and Cohn (1979).

The complexity intrinsic to variables influencing overall rates of renovation is best illustrated in the interaction effects that can be uncovered through multi-way analysis of variance. These interactions are outlined in Table D-5 (A-E). Throughout Table D-5 there appear to be three sets of variables interacting in different ways with total monies invested in home renovation. These are household socio-economic status, family status or life

cycle, and the inherent character of the housing unit. In and of themselves, each of these variable relationships is well understood within the general housing literature (for example, Bourne 1981; Basset and Short 1980; Ley 1983). All other things being equal, people with more available income (higher-paying jobs, more workers, fewer dependents) will spend more on housing. Likewise, higher status groups, such as the "middle" and "upper middle classes" as identified in terms of education and occupation, are said to place more value on housing than lower status, blue-collar groups. Where family or household status is concerned, households with stay-at-home wives and with children may place greater psychological and social value on housing. Certainly, stay-at-home wives have more time to devote to home improvement. In the present study, this appears to be translated into the volume of renovation expenditures. Finally, with regard to housing type, it is axiomatic that maintenance and alteration of older, larger homes costs more. While it is difficult to weight the relative importance of all of the interaction effects shown in Table D-5, there appears to be a tendency for economic factors to predominate followed by family status/life cycle dimensions and finally, the age of the dwelling itself.

Home Renovation in Suburban Kitchener

As was stressed in the discussion of related research, many studies of home renovation have been limited in focus to inner-city

neighbourhoods. Considerably less is known about the home improvement and renovation practices of households in newer homes in suburban neighbourhoods though the first phase of this study attests to the fact the large-scale renovation is spread geographically throughout Kitchener and not confined to inner-city neighbourhoods. This phase in the research surveyed 153 households who had purchased a home in selected suburban tracts within the last five years. The analysis outlined below gauges renovation activity extant in established suburban neighbourhoods in the City of Kitchener. These findings are compared with the results, summarized above, relating to home improvement in inner-city neighbourhoods.

Who Moves to Newer Housing in the Suburbs?

Table 8 provides a social profile of surveyed suburban households who had purchased a previously occupied dwelling unit. Like movers to the inner-city, these are family households, most of them with children under 16 years of age. However households in the suburban sample are somewhat older i.e. more likely to have a head over 40 years of age. Most notably, their income, occupational and educational status are also higher. This socio-economic difference between purchases in suburban and central city tracts supports earlier conclusions that were made regarding the economic incentive to purchase homes in inner-city as opposed to suburban locales. Relative to the average CMA profile of

TABLE 8

SUBURBAN TRACTS, HOUSEHOLD CHARACTERISTICS,
SURVEYED DWELLING UNITS

Household Characteristics	Percentage of Households (N=153)
Length Residence	
< 18 months	13.0
18-36 months	34.4
> 36 months	52.6
Married or Equivalent	88.30
Age of Head	
< 40 years	61.4
> 40 years	38.6
Male Occupation	
Managerial/Professional	42.9
Manufacturing/Construction/ Transportation	24.7
Female Occupation	
Managerial/Professional	21.4
Manufacturing	20.6
Housewife	27.0
Children < 16 years	64.9
Foreign Born	18.2
Head with University Degree	38.0
Family Income > $40,000	66.9

households these suburban households have higher economic status and are more family-oriented. On a tract by tract basis their composition reflect the trends shown earlier in Table 7.

Renovation Activity

On average, surveyed householders invested $5,621.75 on renovation activity since purchasing their suburban home. This figure is about $2,000 lower than what is spent on average by their counterparts in the inner city. Suburban homeowners' overall estimates of expenditures in home improvement are outlined in Table 9. As in the case of inner-city tracts the emphasis is on interior as opposed to exterior projects. Similarly, except for the largest projects, most renovation activity is undertaken by the householders themselves using their own, unpaid labour. Table 10 shows that this holds true for more technical projects such as plumbing and remodelling, and not simply for relatively unskilled tasks like painting or landscaping. On average, reinvestment in this housing stock is extremely modest with approximately a third of households not conforming to the minimal investment standards for upkeep and repair set by the Canadian Builders Association (i.e. 1% of the total value of the home). Extrapolating from Table 7 and taking account of inflation, the average suburban home would be valued at $125,000 in 1986 dollars. Homeowner's estimates of the value of their homes at the time of the survey ranged from $ 70,000 to $ 350,000 with a mean of $ 159,420. This would imply an

TABLE 9

SUBURBAN TRACTS, INVESTMENT IN RENOVATION

Type of Change	% Respondents Total Sample (n = 154)
Interior Change	
NIL	5.8
$1 - $1,000	32.5
$1,001 - $5,000	40.9
> $5,000	20.8
Exterior Change	
NIL	9.7
$1 - $1,000	40.9
$1,001 - $5,000	38.3
> $5,000	11.0
Combined	
NIL	4.5
$1 - $1,000	18.8
$1,001 - $5,000	40.3
> $5,000	36.4
Own Unpaid Labour	
NIL	5.2
$1 - $1,000	43.5
$1,001 - $5,000	42.2
> $5,000	9.1
Contracted Work	
NIL	35.7
$1 - $1,000	13.6
$1,001 - $5,000	29.9
> $5,000	20.8

TABLE 10

SUBURBAN TRACTS, RENOVATION ACTIVITY BY TYPE

Renovation Type	Percent of Households Reporting			
	Total Responses	Own Unpaid Labour	Contractor	Unpaid Labour & Contractor
Interior				
Painting/Staining	88.3	80.5	12.3	7.1
Plumbing	59.7	46.1	16.9	4.5
Electrical Wiring	53.2	38.3	15.6	1.9
Heating/Insulation	42.9	18.3	25.3	0.0
Floors/Carpets	57.8	34.7	30.5	3.9
Remodelling	41.6	27.3	14.9	2.6
Basement Improvement	18.8	16.2	1.3	0.0
Fireplace	18.3	7.8	9.1	0.0
Exterior				
Painting/Staining	62.3	47.4	8.4	6.0
Window Replacement	40.3	19.5	17.5	1.3
Fencing	27.3	20.1	5.8	0.6
Refacing of Siding	24.0	7.8	15.6	0.6
Driveway/Sidewalks/Patio	53.2	36.4	14.9	2.6
Landscaping	51.3	37.0	10.4	3.9
Garage	31.8	24.7	4.5	0.0
Roof	22.1	7.8	14.9	1.3
Chimney	12.3	6.5	5.8	0.0
Foundation	7.1	3.2	1.9	0.0
Addition/Extension	1.3	0.0	1.3	0.0
Pool	3.2	1.3	1.9	0.0

annual minimal investment of approximately $160 per annum or $1,000 - $10,000 depending on length of residence over the five-year period of accounting. Only 36 percent of homeowners have invested amounts greater than $5,000, the amount that would be indicative of significant renovation activity[7]. This compares with 51 percent of inner-city home purchasers, a difference that is statistically significant. Why this difference? Need would be a foremost factor; 45 percent of surveyed inner-city homes are 60 years or older, less than 2 per cent of suburban houses fall in this category. Why, on average, lower income households spend more on renovation than their more affluent suburban counterparts is further explained by the higher initial purchase price required for suburban housing and the stated intentions of many inner-city respondents (especially the larger scale renovations) to not just move but simultaneously to "move and improve".

Variable Rates of Investment in Home Renovation

Variables that correlate with patterns of expenditure on home renovation are shown in Table 11 (main effects, analyses of variance) and Table 12 (interaction effects, analysis of variance). Results from the one-way analysis of variance are remarkably similar to those characterizing reinvestment patterns among inner-city households with the not unsurprising exception that age of dwelling does not produce statistically significant differences in reinvestment in newer suburban housing stock. Proclivity to invest

TABLE 11

SUBURBAN TRACTS, VARIABLE RATES OF REINVESTMENT

(Analysis of Variance, Main Effects)

Variables	F	Probability of F
Total Investment in Home Improvement		
Size of House	9.47	0.002
No. of Bathrooms	5.07	0.025
Length of Residence	13.85	0.001
Household Income	5.49	0.021
Employment Status of Female Head	7.42	0.008
Total Investment in Interior Home Improvement		
Size of House	10.29	0.002
No. of Bathrooms	4.11	0.044
Length of Residence	10.18	0.0001
Household Income	4.22	0.042
Employment Status of Female Head	6.01	0.013
Total Investment in Exterior Home Improvement		
Length of Residence	7.61	0.001
Household Income	4.55	0.034

TABLE 12

SUBURBAN TRACTS, VARIABLE RATES OF REINVESTMENT
(Interaction Effects)

Length of Residence, Household Income/Exterior Expenditure
(F=2.97, P=0.551)

Length of Residence	Household Income	N	Mean Expenditure ($)
< 18 months	<$40,000	4	187.50
< 18 months	$40,000+	12	512.50
18 months - 3 years	<$40,000	12	2,070.83
18 months - 3 years	$40,000+	33	1,378.78
3 years +	<$40,000	23	1,576.08
3 years +	$40,000+	49	4,090.81

in home improvement is a function of 3 sets of factors, households' socio-economic status, households family status as measured by occupational status of the female-head-of-household and dwelling unit size. The correlates with income and size of dwelling are largely self-explanatory. The correlate with employment status of female head is less so but underscores earlier inner-city findings. Certainly traditional homemakers have more discretionary time to invest in home improvement. It may also be that these households are more involved with traditional domi-centered life styles and that their household expenditures reflect their family-oriented values. Comparing Table 12 with comparable findings relating to inner-city households (D-5), it is notable that there are fewer interaction effects influencing suburban investment patterns. This undoubtedly occurs from the fact there appears to be more fundamental variability among inner-city home purchasers. Bunting (1986) for example, demonstrates that while some inner-city buyers are drawn to the inner city by constrained economic circumstances, others are more motivated by choice.

Major Renovators Throughout Kitchener

This portion of the research is also based on household survey. Herein a sample of 100 households have been interviewed. All of these households have undertaken major renovation (>$5000) involving some form of addition to their interior living space over the last two years. In this survey households were queried about

their major renovation project as identified in the building permit records and also about their more general renovation activities over the last 5 years. This latter inquiry took the same format as the one geared to inner-city and suburban movers.

Who Undertakes Major Renovations?

At a more aggregate level, statistical analysis of geographic variation in the locations at which building permits were issued suggested that household socio-economic status was statistically correlated with major renovation activity. This is confirmed by a social profile of surveyed major renovators as outlined in Table 13. In terms of occupation and income these households do appear more affluent than smaller scale renovators purchasing housing in the inner-city and and of approximately equal socio-economic status to the newer surburban residents. They do not, however, appear as well educated in terms of the per cent of heads of household holding university degrees. This somewhat aberrant pattern may in part be explained by the fact that university education was less accessible when many of this group's respondents were in their youth. The most marked distinction between this group of large-scale renovators and the other households interviewed is age-related. These households are further along in their life cycle. As Table 13 shows they are older and have significantly fewer children under the age of 16 years. Forty-five per cent have no

TABLE 13

MAJOR RENOVATORS, HOUSEHOLD CHARACTERISTICS, SURVEYED DWELLING UNITS

HOUSEHOLD CHARACTERISTICS	PERCENTAGE OF HOUSEHOLDS (N = 100)
Length of Residence	
< 5 years	16
5 - 10 years	49
10+ years	35
Married or Equivalent	89
Age of Head	
< 40 years	42
> 40 years	58
Male Occupation	
Managerial/Professional	53
Manufacturing/Construction/ Transportation	20
Female Occupation	
Managerial/Professional	18
Manufacturing	12
Housewife	26
Children < 16 years	55
Foreign Born	15
Head with University Degree	17
Family Income > $40,000	70

children under the age of 16 years and of these 20 per cent are "empty nesters" i.e. families with grown children living away from home. Notably these householders have lived in their homes for extensive periods. The average length of residence is 16 years; 16 per cent have lived in their homes for less than 5 years while 35 per cent have been occupants for 10 years or more. Thus while the major renovators appear to have somewhat higher socio-economic status than households who undertake smaller scale renovation, the main distinction between the two groups is distinctly age-related.

As regards the homes themselves they were relatively large with an average of 8.97 rooms (the average size of homes in the inner-city survey was 6.87; in the suburbs it was 7.23). The homes were relatively new; only 15 per cent were over 60 years in age as compared with 4 per cent in the suburban movers survey and 45 per cent in the inner-city movers survey.

Renovation Activity: Major Renovation Project

The average value of the building permits taken out by households surveyed for this component of the research was $15,865.27. It should however be noted that the municipal building inspectors admit that there is probably a significant percentage of error in these values as regards the actual fee paid for contracted work. The inspectors themselves find it harder to gauge

values for renovation work than for new construction, where a dollar per square meter gives a reasonably accurate gauge; for obvious reasons such is not the case with home improvement projects. As the cost of a building permit is levied against its value, there is also some advantage to a registrant to underestimate the actual value of renovation work. Unfortunately our survey did not query households as to the exact costs of their renovation work. It is worth mentioning that many households volunteered this information and that many of these gave a figure considerably in excess of the value recorded against the building permit issued to their street address. Table 14 gives the breakdown of householders statements regarding project costs in terms of a range of estimates; the majority fall between $20,000 and $50,000. Table 15 itemizes the projects by type. Additions in the form of bedrooms and bathrooms predominate followed closely by kitchens and family rooms.

Households were also queried about outdoor alterations they had undertaken in conjunction with their renovation project. Only two were mentioned with any frequency: landscaping (27 per cent) and porches or decks (46 per cent). Additions or modifications to porches or decks are thus claimed by almost half of the surveyed households. This indicates that they constitute an important component in renovation projects, especially where additions to interior living space involve the alteration of existing exterior wall structures. Finally all surveyed major renovators were

TABLE 14

MAJOR RENOVATORS, ESTIMATES OF PROJECT COSTS (N = 100)

COST	%
< $5,000	1
$5,000 - $9,999	14
$10,000 - $19,999	25
$20,000 - $29,999	21
$30,000 - $49,999	21
$50,000 - $74,999	7
> $75,000	8

Mean Building Permit Value $15,865.27

TABLE 15

MAJOR RENOVATORS, NATURE OF PROJECT (N = 100)

PROJECT	PERCENTAGE
Other	41
Bedrooms	40
Bathrooms	38
Kitchen	31
Family Room	26
Porch/Sunroom	21
Dining Room	19
Living Room	14
Stairs/Hallways	7
Den/Office	4
Gables	0

queried as to whether they had any plans for further renovation activity over the next 2 years. As shown in Table 16, some 75 per cent responded in the affirmative. Fifty-five per cent claimed to plan on spending over $1,000 and over a quarter cited amounts in excess of $5,000.

Unlike smaller scale renovations, the majority of the large scale renovation work was carried out by general contractors though, as shown in Table 16, a surprising 26 per cent of homeowners claimed to have completed the work themselves. It is notable that these "do-it-yourself" households tended to classify themselves as either "professional" or "close to professional" (74 per cent as compared with 30 per cent in the remainder of the samples). This confirms Phipps' (1983) earlier argument that some households substitute handy man skills for cash even in undertaking major home improvement projects. The building permit value of the work undertaken by the "do-it-yourselfers" was, not surprisingly, lower than average at $9,000. Funding for these projects was however much the same as for the sample at large; 53 per cent of "do-it-yourselfers" funded their projects out of their own savings as compared with 52 per cent in the sample as a whole.

As regards the overall pattern of funding major renovations, Table 16 shows that approximately half of the respondents funded their costs through private savings with a third relying on mortgaging. The heavy reliance on personal savings seems

TABLE 16

MAJOR RENOVATORS, FUNDING AND CONTRACTING SOURCES

Funding for Major Renovation Work		N	%
i)	Savings	49	49
ii)	Mortgage	31	31
iii)	Private Loan	10	10
iv)	Other	7	7
v)	N/A	3	3
	Total	100	100

Who Completed the Work		N	%
i)	General Contractor	58	58
ii)	Subcontractors by owner	13	13
iii)	Homeowner	26	26
iv)	Other	3	3
	Total	100	100

Funding for Minor Renovation Work		N	%
i)	Savings	91	91
ii)	Mortgage	2	2
iii)	Private Loan	4	4
iv)	Other	1	1
v)	N/A	2	2
	Total	100	100

Future Plans for Renovation		N	%
i)	No	25	25
ii)	Yes	75	75
	Total	100	100

Cost for Future Plans		N	%
i)	$0	13	13
ii)	$1-100	1	1
iii)	$101-500	5	5
iv)	$501-1,000	11	11
v)	$1,001-5,000	28	28
vi)	$5,001-10,000	12	12
vii)	> $10,000	15	15
viii)	N/A	15	15
	Total	100	100

consistent with the relative affluence and mature age profile of these households. The overall importance of savings in home improvement projects is further underscored by the statistics reporting on sources of funding for minor renovation projects, also shown in Table 16.

As was stated earlier building permits are issued by municipalities for two purposes: first, to ensure that a minimal level of building standard is met and second, to instigate an inspection that provides data against which residential property taxes are levied. When queried as to whether they had thought major renovation work would lead to an increase in municipal property taxes, 65 per cent of homeowners said yes (12 per cent didn't know or hadn't thought about it). Clearly the possibility of increased property tax was not a major deterrent to these households. Deterrent or not, tax increases did not in fact follow upon the completion of the renovation work, at least not at the time of this survey. Only 20 per cent of respondent households had experienced a rise in taxes (with 3 per cent not knowing) at the time of survey. Almost all householders were in agreement in believing that their work had improved their home's real estate value (96 per cent). Estimates of just how much the incremental value might be are shown in Table 17. In comparing Table 17 with Table 14 (estimates of the total cost of the renovation project), it is notable that most households recognize that while renovation improves their property value, it does not fully pay for itself.

TABLE 17

MAJOR RENOVATORS, ESTIMATED INCREMENTAL VALUE OF REAL ESTATE AFTER RENOVATION (N = 100)

Value	%
< $5,000	30
$5,000 - $9,999	3
$10,000 - $19,999	11
$20,000 - $29,999	15
$30,000 - $49,999	24
$50,000 - $74,999	11
$75,000 +	6

In other words, some of the renovation activity is peculiar to the preferences and lifestyle of an individual household and will never be fully recouped in the resale value of the dwelling unit.

Renovation Activity: Previous Five Years

Like the suburban and inner-city movers, major renovators were queried about other renovation activities, they might have carried out over the last five years. Table 18 summarizes these households' estimates of their total expenditures. The rates of reinvestment are higher than those associated with households surveyed in inner-city or suburban tracts. However it must be remembered that, on average the homes of the so-called major renovators have higher value (as estimated by the householders themselves, an average of $137,608 pre-major renovation and $175,555 post-major renovation). The overall picture then is one of significant maintenance and renovation in terms of activities undertaken over the last 5 years. A full 92 per cent of the sample have invested $1,000 in direct out-of-pocket costs with 59 per cent spending in excess of $5,000. Turning to Table 19, two points are notable in comparison to the inner-city and suburban samples. First the major renovators do more, especially so in terms of major projects like remodelling, or improvement to the exterior of the home. They are also more likely to make use of the services of a professional contractor, though this fact should not detract from

TABLE 18

MAJOR RENOVATORS, INVESTMENT IN GENERAL RENOVATION

Type of Change	% Respondents Total Sample (n=100)
Interior Change	
NIL	2.0
$1-$1,000	14.0
$1,001-$5,000	48.0
>$5,000	36.0
Exterior Change	
NIL	10.0
$1-$1,000	25.0
$1,001-$5,000	44.0
>$5,000	21.0
Combined	
NIL	2.0
$1-$1,000	6.0
$1,001-$5,000	33.0
>$5,000	59.0

TABLE 19

MAJOR RENOVATORS, INVESTMENT IN GENERAL RENOVATION ACTIVITY BY TYPE

Renovation Type	Percent of Households Reporting			
	Total Responses	Own Unpaid Labour	Contractor	Unpaid Labou & Contracto
Interior				
Painting/Staining	89.0	72.0	22.0	5.0
Fireplace	21.0	12.0	9.0	0.0
Plumbing	58.0	38.0	20.0	0.0
Electrical Wiring	47.0	32.0	17.0	2.0
Heating/Insulation	61.0	25.0	36.0	1.0
Floors/Carpets	55.0	20.0	37.0	1.0
Remodelling	40.0	21.0	21.0	3.0
Basement Improvement	20.0	17.0	5.0	2.0
Exterior				
Painting/Staining	54.0	36.0	16.0	1.0
Window Replacement	41.0	19.0	21.0	1.0
Fencing	30.0	17.0	9.0	0.0
Refacing of Siding	34.0	12.0	21.0	1.0
Driveway/Sidewalks/Patio	41.0	19.0	25.0	1.0
Landscaping	27.0	12.0	17.0	1.0
Garage	24.0	16.0	7.0	0.0
Roof	30.0	10.0	20.0	0.0
Chimney	15.0	6.0	9.0	0.0
Foundation	4.0	2.0	2.0	0.0
Addition/Extension	1.0	0.0	1.0	0.0
Pool	4.0	1.0	3.0	0.0

the fact that they also contribute a great deal of their own labour in the process of improving their dwelling units.

Variable Rates of Reinvestment: Major and General Projects

As in previous analyses, analysis of variance has been used to test for statistically significant variants in the different amounts that households invest in major renovation projects. The results relating to this renovation activity are summarized in Table 20. The pattern is similar to that found in the previous analyses in being related to socio-economic and family status though not to characteristics of the dwelling unit such as age or size (probably because there was considerable uniformity along these dimensions within this particular sample of housing stock). Renovation projects cost more in homes with traditional, stay-at-home housewives (on average $21,311 as opposed to $13,070). Households with higher incomes and educational status also spend more ($16,379 vs $11,013 and $18,398 vs $12,023 respectively). As anticipated, services of a general contractor cost more (on average $20,034) than those of a subcontractor ($13,784) and these cost more than those of "do-it-yourselfers" ($9,173). Bedrooms and family rooms, probably among the larger-scale additions, cost more though it is notable that there is no direct correlate between investment rates and children in the family under 16 years of age, i.e. the ones towards whom one might expect these facilities to be

TABLE 20

MAJOR RENOVATORS, VARIABLE RATES OF REINVESTMENT
IN MAJOR PROJECTS
(Analysis of Variance, Main Effects) *

Variables	F	Probability of F
Educational Status	5.02	0.0275
Household Income	4.06	0.0544
Employment Status of Female Head	5.72	0.0190
Who Renovates?	4.09	0.0088
What Renovated (Added)?		
Family Room	4.40	0.0384
Bedroom (s)	9.09	0.0033

* No interaction effects showing frm multiway analysis

directed. Because of this type of relationship a subset of analyses was run comparing the 20 per cent "empty nester" households to the rest of the sample. There was no significant difference in any dimension except as regards the addition of bedrooms. Costs of renovation projects undertaken by these older households were comparable to those characterizing the rest of the sample. As regards further multivariate analysis across the entire sample, there were no interaction effects from the multiway analysis of variance. This is consistent with the limited nature of findings accruing from the one-way analysis.

Analyses of variance, both one- and multiway were also run against expenditures that the major renovators had put out on home improvement activity over the last 5 years. Here the pattern is one of homogeneity. There are no variables that discriminate statistically significant differences in the amounts these households had reinvested in their homes over the last few years. As was pointed out earlier, they tend, on the whole, to be consistently high maintainers of residential property.

What is perhaps most interesting in regard to the analyses of variable rates of investment undertaken by the major renovating households is the relative lack of statistical correlates with total amount of monies invested in home improvement projects, particularly so in context of the large amounts that have been invested, and, in comparison to earlier findings associated with

inner-city movers. Reasons for this apparent lack of variability have to do with the research design itself since by lumping together groups of households a priori known to be major renovators we have considerably reduced diversity within this survey sample.

In sum, the major factors that are consistently associated with rates of reinvestment in home renovation are socio-economic status and family status. (This is consistent with findings reported earlier by Bunting [1986; 1987a; 1987b].) The former is reasonably well understood and needs no further elaboration here. What is new in all three surveys carried out here is the family status dimension as measured in particular by employment status of the female-head-of-household. In part, this may in fact be a socio-economic correlate in that today not all two-head households can afford to have one of its members remain outside the paid workforce. (Note however that there is no statistically significant difference in income for households with stay-at-home vs. employed wives. In fact, the trends in the data suggest higher incomes for two wage earner households.) The relationship will also reflect time constraints (Michelson, 1985; 1988) to the extent that households with two working heads have less discretionary time to devote to house-related activity. Over and above income and time constraints associated with a wife's employment status is the issue of life style preference. To the extent there is choice involved, women who choose not to stay at home may generally be less involved and concerned with matters - appearances, upkeep and

the like - related to the structural quality of the dwelling unit. These lifestyle choices have long been recognized in the sociological literature (e.g. Bell, 1968; Michelson, 1977; Michelson and Reed, 1970) and have now been elaborated in feminist-oriented writing and research (e.g. Keller, 1981; Mackenzie, 1988; McClain and Doyle, 1984; Wekerle et al, 1980). One other finding of note here relates to the fact that one-fifth of surveyed major renovators are in the empty-nesting stage of the life cycle. This is somewhat of a contradiction to previous studies that correlate home additions with family expansion (e.g. Evendon, 1983; Seek, 1983). It also contradicts traditional sociological thought which suggests that families at this stage of their life cycle tend to adjust to smaller living quarters (e.g. Rossi, 1955; Michelson, 1970; Moore and Brown, 1970). It does correspond to recent work which suggests that our more affluent aging populations are seeking out a variety of different housing alternatives (e.g. Golant, 1982; Kuntz, 1989; Miron and Schiff, 1983) though none of these specifically recognizes adaption and expansion of housing in situ. On a policy side, it implies that there will be less housing turnover from older to younger generations; that significant proportions of pre- and post-retirement households will be truely "overhoused" and that over time the affordability of their housing is decreasing especially as regards younger, first-time home purchasers.

Why Undertake Major Renovation?

One of the fundamental issues this study has been designed to elucidate is that of why, from the consumer side of things, the renovation industry has grown so rapidly of late. What, in other words, are the demand factors giving rise to the growth in renovation activity? Findings outlined in previous sections clearly indicate the importance of household financial resources. The majority of households undertaking major renovation can afford to pay for contracted work out of their personal savings; moreover most of those who use mortgages or private loans have above average incomes in comparison to the metropolitan average. Miron (1988) argues that societal wide affluence which has been on the increase, decade-by-decade since World War II, has been a major force driving the new construction industry. Clearly, the same holds here for renovation. Questions remain however as to why some households choose to renovate rather than move to another, presumably higher quality unit, or alternatively to allocate increasing disposable earnings to some other form of consumption such as a vacation home or travel?

Previous studies (Bunting, 1986; Seek, 1983;) have found that households are more likely to invest in some form of home improvement if they have an especially strong attachment to their home and/or neighbourhood. Our survey of major renovators asked a series of questions relating to how surveyed householders felt about their residential environments. Table 21 summarizes

TABLE 21

MAJOR RENOVATORS, REASONS FOR CHOOSING HOUSE (N = 100)

Variable	% Important	% Unimportant
Liked House	49	51
Liked Neighbourhood	62	38
Price	41	59
Access	9	91
Condition of Home	4	96
Good Value	3	97
Size, Layout	30	70
Other	19	81

responses to inquiries about why householders chose the particular home they did and, parenthetically, why they choose to stay there and invest more money in that very dwelling unit. With the exception of attraction to a particular neighbourhood (62 per cent felt this was an important factor underlying their residential choice) the profile of responses to this question is remarkably flat. There is little here to suggest a high degree of enthusiasm for the current residential setting. (Note this is particularly so in comparison to the Kitchener inner-city households surveyed earlier - see Bunting, 1986.) Likewise Table 22 does not reveal a great deal in the way of perceived advantages to "living where you do". Notably, however, and as would be expected, rates of perceived disadvantages are very low. The picture then appears to be one of householders who are generally satisfied, though not overly enthusiastic about their residential setting.

Table 23 summarizes responses of major renovating households when asked specifically about their reasons for undertaking a large-scale home improvement project. The perceived need for additional space predominates, albeit it must be remembered that because of building permit regulations in the City of Kitchener, this sample is confined to households who had undertaken some form of addition by way of alteration to an existing dwelling unit. Also important in households decision to renovate are modernization (e.g. bringing kitchens or bathrooms up to today's standards) and

TABLE 22

A. MAJOR RENOVATORS, PERCEIVED ADVANTAGES OF LIVING WHERE YOU DO (N = 100)

Variable	% Important	% Unimportant
Access to Work	29	71
Access to School	36	64
Access to Services	63	37
Appearance of Neighbourhood	34	66
Neighbours	12	88
Amenities	32	68
Established Community	21	79
Other	12	88

B. MAJOR RENOVATORS, PERCEIVED DISADVANTAGES OF LIVING WHERE YOU DO (N = 100)

Variable	% Important	% Unimportant
Access to Work	6	94
Access to School	5	95
Access to Services	8	92
Appearance of Neighbourhood	3	97
Neighbours	3	97
Traffic Noise Pollution	21	79
Community Changing	8	92
Other	17	83

TABLE 23

MAJOR RENOVATORS, REASONS FOR UNDERTAKING RENOVATION
(N = 100)

REASON	RANKING %						
	1	2	3	4	5	6	NA
Maintenance and Repair	3	8	9	7	7	66	--
Modernization	10	11	20	5	5	1	48
Addition	53	14	4	3	-	-	26
Lifestyle	19	28	9	11	-	4	29
Property Value	1	7	16	8	7	3	58
Improve Appearance	7	12	10	11	3	2	55

lifestyle factors (i.e. making the home more attuned to the family's preferred activities such as, for example, by adding a family or hobby room). In contrast, the need for maintenance and repair or attraction to perceived monetary gains through increases to property values appear distinctly unimportant as factors precipitating home renovation.

Responses tabulated in Table 23 were supplemented with an open-ended question asking households to spell out in their own words why they chose to carry out the particular form of renovation that they had just completed. Most of the responses to this question entailed elaborations of reasons listed in Table 23. Other reasons given with some recurring frequency were related to:

- a desire to spend savings on something that would bring daily enjoyment
- a perceived need to accommodate grown-up family, especially grandchildren
- the disinclination to spend savings on other alternatives such as cottages or travel
- a desire to make the home more comfortable and convenient for retirement and subsequent aging in situ
- the perception that new housing is not as high quality as older housing

Finally, the major renovators were asked if improving was an alternative to moving as has been found in studies elsewhere (e.g.

Seek, 1983). Table 24 shows that clearly it was. Some 50 per cent replied in the affirmative to this question with an additional 7 per cent stating that they had chosen to buy their house with plans for renovation at the time of purchase. Table 24 further shows that the major reasons for not moving are related to first, an attraction to the physical characteristics of the neighbourhood and second the cost of purchasing another home, often a new home was specified as the alternative. As concerns future mobility plans, these respondents do plan to stay in their homes for a considerable duration. Fifty-five per cent stated they planned to stay 20+ years with a further 14 per cent saying 11-20 years. On the other hand, only 2 per cent anticipated a move within 2 years and 12 per cent over a 2-5 year period. When asked why they would ultimately move, the majority of households cited aging (50 per cent) or a possible change in workplace location (11 per cent). It is notable that only 22 per cent anticipated moving to a newer/better/bigger dwelling unit. Overall these mobility plans confirm the trend on the part of these households to increase their housing quality through home improvement rather than home purchase. This tendency to improve in situ rather than move is a change from a decade or more ago when it was more common and also more socially acceptable for consumers to improve their housing by moving. On the consumer side of things, this pattern of improving rather than moving appears to be a major factor underlying recent and rapid growth in the home renovation industry.

TABLE 24

MAJOR RENOVATORS, IS RENOVATION AN ALTERNATIVE TO MOVING ? (N = 100)

RESPONSE	%
No	39
Yes	50
Moved with plans to improve	7
Other	2
N/A	2

IF YES, WHY	1st reason	2nd reason	3rd reason	(%)
Cost	18	3	3	
House Quality	7	7	3	
Neighbourhood (Physical)	16	11	1	
Neighbourhood (Social)	2	12	10	
School	--	1	1	
Access	2	1	1	
Bother of Moving	1	2	2	
Other	4	1	2	
N/A	48	62	77	

Links to the Renovation Industry

A final set of questions that were put to the major renovators concerned their contact with renovation firms. In the first instance we were interested in how initial contact was made with the contractor and/or subcontractor who was engaged to carry out the renovation project. Table 25 shows word-or-mouth to be by far most important followed by previous use which itself is a kind of word-of-mouth contact. Various forms of advertising - yellow pages, want ads and neighbourhood signs and flyers - appear not to be very important in generating potential customers' attention to renovation firms. Householders elaborated that the magnitude and highly specialized nature of renovation projects led them to enquire through friends and acquaintances as to both the personal and professional attributes of renovators. Many claimed to have had a first hand view of a contractor's work carried out in the homes of friends or neighbours. Most households took the opportunity to get more than one bid; 59 per cent had 2-3 bids and 12 per cent 4 or more. Of those who attained only one bid all but a few households claimed to have used the services of their contractor on a previous occasion. Estimates did vary, mostly in a range of 10-25 per cent, though 11 households had encountered price ranges in excess of 25 per cent. This degree of variation tended to be associated with larger more expensive projects. Only 19 per cent of the surveyed households actually took the lowest bid stating that a firm's reputation was more important than economy

TABLE 25

MAJOR RENOVATORS, SOURCE OF INFORMATION ABOUT RENOVATION BUSINESS

Source	Contractor	Sub-Contractor	Informal Services
Yellow Pages	5	9	--
Neighbourhood Signs	--	3	1
Word-Of-Mouth	37	30	11
Want Ads	5	4	2
Previous Use	14	19	13
Other	5	5	3

in the ultimate choice of the contractor - at least to a degree. This perhaps explains why 78 per cent of respondents claimed to have to have been satisfied with their renovation work. Those expressing dissatisfaction were mainly concerned with what they believed to be the undue length of time between the projects' initiation and its completion. Mess and failure to comply exactly with the householders wishes were also mentioned on several occasions as was inflation in the initial estimate of cost.

Householders were also questioned about use of what can be termed "informal" sector services. i.e. entrepreneurs, usually individuals, who were not proper businesses, not listed in the telephone book and who usually advertised in the classified wantads section of the local newspaper or advertised with neighbourhood flyers. Only 27 per cent of interviewers had used this kind of service and, when they had, not in conjunction with major renovation but more for purposes of a handyman type nature e.g. cleaning eaves, caulking, painting and chimney cleaning were mentioned with some frequency, the kinds of work that many households might in fact undertake themselves. Two major advantages were perceived - dollar savings and ease of scheduling. Most said that these people who engaged in home improvement were less skilled than formal contractors and that lack of guarantee on their work was a clear disadvantage.

Finally households were queried about direct contacts they

themselves had had with building supply outlets over the last five years (see Table 26). In most cases estimates of expenditures were low, in the order of $100 per annum on hardware, painting and wallpaper, plumbing supplies and the like. Lumber and building supplies are clearly the major source of supply for households "do-it-yourself" renovation activity. This seems somewhat inconsistent with the decline in the absolute number of building supply firms over the last ten years (shown earlier in Figure 10) but can probably be explained by the expansion that has been observed in many of these individual firms.

INDUSTRY PERSPECTIVES ON HOME RENOVATION

The final phase in this research project examines the production establishments who provide renovation services to household consumers, what we refer to as the renovation industry. The discussion is divided into three major sections. First is a discussion describing the interview developed for this research. This is followed by the analyses which combines tabular accounting with more qualitative discussion that is put together from the open-ended and numerical portions of the interview. Concluding remarks focus on problems confronting the renovation industry now and in the future alongside tentative suggestions for remedial action.

TABLE 26

MAJOR RENOVATORS, USE OF BUILDING SUPPLIES

Firm Type	% Use	Dollar Estimate
Paint and Wallpaper	88	$661.50
Lumber Co./Building Supplies	87	$2,357.50
Plumbing Supplies	72	$456.00
Electric Supplies	71	$472.00
Salvage	15	$35.50
Hardware	80	$583.40
Other	25	$483.50

Industry Survey

Appendix C contains the survey instrument developed for this study. The schedule was modelled in part after Caskie's (1983) investigation and in part after information obtained from open-ended pretest interviews with the head of the K-W Homebuilders Association (also president of the largest renovation firm in the K-W area) and three firms operating out of the Guelph region. There are several major components to the interview schedule covering: the history and nature of business in the individual firms (size, volume and nature of business, employment, patterns of growth), its operating structure (financial organization, use of subcontractors, contact with customers), reaction to government programs, perception of problems in the industry and opinions regarding future growth.

In all 21 renovation firms were interviewed representing a 19 per cent sample of the 115 firms established in 1986. The sample itself was drawn from the Yellow Pages listing as building permits did not consistently record the name of the contractor undertaking the renovation work. On the advice of two or three of the major renovators in the K-W area, co-operation was not formally solicited from either the K-W Homebuilders Association or its splinter association, the K-W Renovation Association (a group of about 25 firms with about half of the membership also belonging to the mother organization); the reasoning being that the majority of

renovation firms (estimated at 60 - 65 per cent) belonged to neither organization and that non-members did not look kindly on either association.[8] As it turned out, 62 per cent of those interviewed were non-members of either of the industry affiliated associations.

It is worth noting that throughout the interviews we detected a sense of conflict rather than co-operation existing between renovation firms in the Kitchener-Waterloo region. This seemed not simply or so much a function of competition but more a concern on the part of the more established businesses that many smaller, what were often referred to as "fly-by-night" businesses produced neither good quality work nor consumer guarantees. These firms were thought to present a significant threat to the overall reputation of the renovation industry.

Interviews were conducted over the period March through April 1988 and October through November 1988 with most interviews being carried out jointly by the two principal investigators. Refusal rates ran at a high of 50 per cent. Reasons given for not granting interviews ranged from disinterest to lack of time. Throughout the course of these interviews it became clear that many renovators, especially one-person operations, had a practice of working on site during the day and carrying out estimates and shop work in the evenings. (As a result many interviews were scheduled for later in the evening, around 8:30 - 9:00 p.m.) While it is hard to say

just exactly where the bias in the sample lies, we suspect that we have contacted more of the larger and longer established operations and fewer of the newer, one-person firms.

The Renovation Industry in Kitchener-Waterloo

Structure

A series of contingency tables were run on various combinations of data to check for differences in the operating structure of various businesses surveyed. The most important determinant of firm activity, not surprisingly, appears to be size of firm as measured in terms of volume of sales. On this dimension, firms were classified as those making less than $100,000 per annum - seven in number - those grossing between $100,000 and $1,000,000 - nine in number - and the five firms whose annual volume of business exceeded $1,000,000. This small-medium-large division appears to be almost a "natural" one. Some of the medium-sized companies retain characteristics of their smaller, and usually younger counterparts. In this sense, the medium-sized group appears to be transitional, seeming to be more stable than smaller companies but less established than the largest ones. The following discussion examines the structure of firms largely in terms of this threefold classification. Note that for the sake of clarity only the more salient findings are reported on here.

All firms were Canadian-owned.[9] In terms of length of time in business, the firms surveyed were relatively old[10]:

less than 2 years	-	2
2 - 3 years	-	2
4 - 5 years	-	4
6 - 10 years	-	5
11+ years	-	8

There is a reasonably direct correlation between size of firm, i.e. volume of sales, number of employees, and time in business though two of the oldest firms were one-man operations (according to their owners through personal choice rather than lack of potential business). Half of the firms' heads had started out in renovation. Of the remaining half, many claimed to have "drifted in", primarily from the construction industry. There were also several individuals who had developed home handyman skills on their own and who had decided to put their skills to full-time employment and opt out of their original salaried job. The majority of these had had "professional" jobs (2 high school teachers and a former insurance agent). They claimed dissatisfaction with their previous employment, liking being their own boss and working creatively with their own hands were major factors in their decision to set themselves up in the renovation business. It is notable that with respect to occupational background, these renovators are very different from those surveyed by Caskie (1983). In comparison to our sample, his renovators tend to have distinctly architectural, design or business related professional backgrounds.

Table 27, displays the employment structure of surveyed firms. Once again there is a reasonably close correlation with size and a surprisingly low use of part-time and seasonal labour, especially in comparison to the construction industry. The majority of firms, (14) primarily the smaller ones had no paid secretary. One firm, the largest in the area had 2½ secretarial positions. Two of the largest firms had full-time designers. Nine others claimed to use designers or architects on a subcontracting basis, sometimes an architect chosen by the client. If one were to paint a picture of the hypothetical "average" firm it would be one of a sole owner with one skilled craftsman (carpenter usually), one semi-skilled worker and either a spouse who did business activities on a part-time basis or simply an answering machine.

In terms of ownership, Table 28 shows that surveyed renovation firms are split approximately 50-50 as regards sole ownership vs. partnership or multiple ownership. All of the small- and medium-sized firms are either in sole ownership or partnership. Only one of the five large firms remains in sole ownership; this particular company is however the largest in the region. All of the large firms are incorporated whereas the small-to medium-sized firms are split evenly in terms of their liability structure.

The first phase in this research evidenced quite dramatic

TABLE 27

SIZE OF FIRM AND EMPLOYMENT STRUCTURE

Company Size ($ Sales)	Number of Employees		
	1 - 2	3 - 5	5+
<100,000	5 (2) [1]	2 - [1]	- - -
100,000 - 1,000,000	3 (3) -	4 - [1]	2 - -
1,000,001 - 3,000,000	1 (1) [2]	- - -	4 (2) [1]

Full-Time Employees Including Owner, Unmarked,
Part-Time Employees in Round Brackets,
Seasonal Employees in Square Brackets.

TABLE 28

ORGANIZATIONAL STRUCTURE OF RENOVATION FIRMS

A. OWNERSHIP

Company Size ($ Sales)	Sole	Partnership	Multiple
<100,000	4	3	-
100,000 - 1,000,000	7	2	-
1,000,001 - 3,000,000	1	2	2

B. LIABILITY STRUCTURE

Company Size ($ Sales)	Incorporated	Unincorporated
<100,000	3	4
100,000 - 1,000,000	5	4
1,000,001 - 3,000,000	5	-

rates of growth in renovation activity as measured by a series of indicators over the period 1976-1986. Table 29 charts indices of growth in the surveyed companies over a 5 year period or since the business had opened for the 8 businesses that had existed less than 5 years. It is notable that reported rates of growth seem higher than those in Caskie's 1982 survey. The explanation for this difference seems quite simple. Caskie was working at a time of deep recession as contrasted with today's "boom" economy.

In terms of revenue, half the firms, primarily the larger ones, had experienced an increase in gross revenues of greater than 50 per cent. On the other hand, five of the firms, all of them relatively new had grown by only 10 per cent. Patterns of employee growth also relate directly to a firm's scale of operations. Approximately half of the firms grew by more than 3 employees. Interestingly, growth in customers seems lesser though this may be because 7 of the firms, again mostly the smaller ones, were unable to estimate this dimension. Alternatively, some of the growth in the industry was said to have come through growth in the scale of individual renovation projects rather than in the absolute number of projects.

In terms of scale of operations as per individual projects, firms were split on an approximately equal basis. For example, 50 per cent reported that more time was now being spent on the average job of work. Likewise, the same percentage reported increased total costs per project, more workers per job and increased size

TABLE 29

CHARACTERISTICS OF GROWTH, LAST 5 YEARS
(or since business began)

A. GROWTH IN REVENUE

Company Size ($ Sales)	% Increase Sales			
	< 10	11 - 50	50+	DK
< 100,000	3	2	1	1
100,000 - 1,000,000	2	1	6	-
1,000,001 - 3,000,000	-	2	3	-

B. GROWTH IN EMPLOYEES

Company Size ($ Sales)	Number Employees			
	< 3	3 - 5	11 - 20	DK
< 100,000	4	3	-	-
100,000 - 1,000,000	6	3	-	-
1,000,001 - 3,000,000	1	3	1	-

C. GROWTH IN CUSTOMERS

Company Size ($ Sales)	% Growth in Customers			
	< 10	11 - 50	51+	DK
< 100,000	2	1	-	4
100,00 - 1,000,000	1	1	4	3
1,000,001 - 3,000,000	-	2	3	-

in terms of square footage. On the other hand, increased input of materials was reported by only one third of the surveyed firms. The picture then is one of larger more expensive projects involving more labour and somewhat greater material inputs. As would be expected, increased scale of projects was primarily reported by the medium and large and longer established firms.

When queried about reasons for growth in their firms; 80 per cent of respondents thought that there "is a lot more" demand for home improvement and renovation than there was 10 years ago; 15 per cent thought "somewhat more" and 5 per cent "didn't know". Overall the perception was one of a large increase in demand for residential renovation. Individual renovators came forth with a variety of reasons for this . Foremost among these were new products attractive to customers (sky lights, sunrooms and windows, "designer" decks, whirlpools, kitchen styles etc.) and products that made the industry's work easier (designer outlets for kitchen and bath ideas, plastic insulation for winter jobs, various tools), tightness in the new housing market in terms of both vacancy and cost and a significant increase in the scale of individual projects. Other reasons mentioned by some renovators were that people today were better educated and so had fewer manual skills and were less capable of doing home improvement projects themselves. It was also suggested that they had less time but more discretionary income. Finally, Table 30 summarizes renovators' perceptions about reasons households have for undertaking

TABLE 30

RENOVATORS' PERCEPTIONS OF HOMEOWNERS' REASONS FOR UNDERTAKING CONTRACTED RENOVATION

Reason	Ranking (#)							
	1	2	3	4	5	6	7	DK
Maintenance & Repair	1	2	2	4	2	2	-	7
Modernization	-	3	8	3	1	-	-	5
Addition	11	2	1	1	-	1	-	4
Lifestyle	5	5	1	3	1	1	1	4
Price New Home	2	2	4	1	2	-	1	9
Property In Value	-	-	3	3	1	1	6	11
Improve Appearance	2	1	3	2	2	3	-	7

renovation. As in the case of householders (Table 23) there is considerable variation in responses and a large number of "don't know's". Renovators agree with homeowners that additions (need for space) and lifestyle changes (making home more attractive and more attuned to family activities) are the most important reasons for undertaking renovation.

In an initial attempt to ascertain just what type of renovation work was undertaken by individual firms, each interviewee was asked to define in their own words what they meant by the term "renovation". As would be expected there was considerable variation and a surprising number of interviewees had trouble giving a definition with any precision. Smaller enterprises tended to include maintenance and repair as renovation which was not usually the case with larger firms. The majority of definitions included the concept of changing or upgrading the existing stock or of the rearranging of interior space within a dwelling unit. Some direct examples include:

1) "fixing up or fixing up with additions from replacing windows to moving and relocating and knocking out walls - can be very expensive"
2) "when something gets repaired or added on"
3) "removing walls, additions, upgrading systems"
4) "includes a whole pile of things - remodelling, additions, repairs, energy, rearranging space, restoration - applies to a wide range of areas-for

example, I recently converted a church to a doctor's office."

Table 31 summarizes individual firm's accounting regarding the number and scale of projects they had had underway in the last two months. What was most striking about this information was its variability. The larger firms all had a range of projects underway. However, among the small-to medium-sized establishments near to half reported only one, two or three, low budget projects over the two month period. The remaining companies seemed reasonably active though less so the large companies. This latter group of medium and small renovators also had a range of activities though little over $50,000 in budget. These figures suggest that a significant distinction in business aptitude exists for many small and some medium sized renovation companies. About half seem well established, while the term "shoe string" could well be applied to the other small to medium sized renovators.

Renovators were asked specifically about the cost of renovation work. All 21 respondents responded that renovation was costly citing increments over new construction in the range of 40-60 per cent per meter square. Reasons given were many and primarily related to the small scale and specialized nature of their work. Some of the specifics mentioned with some frequency included:

- retrofitting to an old structure
- poor labour productivity

TABLE 31

SIZE OF FIRM AND SIZE OF RENOVATION PROJECTS

Company Size ($ Sales)	Size of Renovation Project					
	<$5,000	$5,001 -10,000	$20,001 -20,000	$20,001 -50,000	$50,001 -100,000	>$100,000
< 100,000	72	3	1	-	-	-
100,000 - 1,000,000	30	23	14	3	1	2
1,000,001 - 3,000,000	7	19	18	8	6	12

- cost of financing
- inaccurate estimates of cost
- need to maintain the site as a viable dwelling place

Table 32 summarizes renovators responses to our inquiries about the division of their activities. The majority of firms engage in some construction - about half do less than 30 per cent and half more. For the majority renovation is the major activity though notably only four firms reported restricting their activity solely to renovation. Most of the firms do renovation only on residential units; four do other types and one business does more non-residential (in this case office) than residential. Many firms do not undertake conversions or repairs. While projects vary quite considerably, additions represent the predominant activity. The majority of firms state that their work is divided evenly between interior and exterior activity. Only three firms, all one-man operations engage in buying homes, fixing them up and reselling at a substantial mark-up. As Table 33 shows, approximately half of all renovation projects all said to entail a building permit. Many small-and medium-sized firms take out building permits only when required by law, that is when an addition is involved. The larger establishments tend as a matter of routine to take out permits on all projects of any scale in order to ensure customers of official inspection of their work.[11] Finally, Table 34 summarizes the types of activities renovators engage in. Again there is a great deal of variation though notably most firms engage in all of the

TABLE 32

RENOVATION ACTIVITY TYPES

Activity Type	Percentage Concentrations					
	<10	10-20	21-30	31-50	51-75	76-100
Renovations	2	4	1	2	4	8
Building	6	1	3	3	3	5
Residential	-	1	-	2	1	17
Repairs	6	12	-	-	1	3
Additions	-	2	1	4	12	1
Improvements	-	11	3	4	3	-
Conversions/ Deconversions	15	3	3	-	-	-

TABLE 34

ACTIVITIES UNDERTAKEN BY RENOVATION FIRMS

Project Type	Renovator Response		
	Does Not Do Project	Does Project	Does Project Only As Part of Larger Project
Painting	6	8	7
Windows/Doors	2	14	5
Fencing	7	10	4
Siding	5	9	7
Driveway	3	14	4
Garage	2	18	1
Roofing	5	12	4
Chimney	6	11	4
Foundation Repair	9	8	4
House Addition	2	19	-
Pools	16	2	3
Facelift	4	13	4
Adapting for Disabled Persons	4	17	-
Modernization	2	19	-
Conversion of Basement/Attic	1	20	-
Heating/Insulation	6	7	7
Floors	7	7	7
Other	-	3	1

enumerated activities to a greater or lesser extent. Consistent with what has been already reported on, additions, modernizations, and conversions of basements and attics predominate. Garages are also ranked high, probably reflecting the fact that much of Kitchener's older suburban housing stock was originally built without garage or with carport only. The one type of project firms seem to consistently decline involves swimming pools.

Operational Organization

There are a number of major aspects to the running of a renovation business. In addition to work on the job, this can include such things as planning and management, estimating, designing, and customer contact. One of the most fundamental factors determining a firm's viability lies in its ability to secure adequate financing. Table 35 outlines the major means of financing used by surveyed firms. As in previous instances there is considerable variation here with no one form predominating. Cash flow in terms of either "down payments" or monthly bills are most important. It is notable that only five of these firms are able to secure bank credit. In this regard, all of the larger companies and about half of the medium and small-sized companies seemed well organized. The remainder appeared at best to "get by" and at worst to be about to go under due to lack of elementary understanding of business accounting.

TABLE 35

FIRM SIZE AND FINANCING ARRANGEMENTS

Company Size ($ Sales)	Financing Arrangements				
	Monthly Bills	"Seat of Pants"	Supply Co. Credits	Bank Credits	Down Payments from Clients
< 100,000*	-	-	2	1	2
100,000 - 1,000,000	2	2	2	2	1
1,000,001 - 3,000,000	3	-	-	2	-

* 2 no responses

At one level the renovation proprietor's activities can be divided into four major categories: finances as above, work scheduling, personnel recruitment and training and marketing. Our sample of firms were asked whether they undertook any foreplanning with respect to these activities. Again there was a great deal of variation as shown in Table 36. The majority did virtually no planning, and the small companies none whatsoever, as one respondent stated " I simply go with what comes by from day to day". In terms of enumeration, 3 firms did personnel planning and 3 did financial planning while 5 each did marketing and work scheduling. The fundamental point here is that these are very small numbers. Once again there is a marked contrast between the planning activities of renovators surveyed in our study in Kitchener-Waterloo and those surveyed by Caskie (1983) in Toronto. Consistent with our perception of the bias in Caskie's sample is the fact that his renovators are much more professional and adept at planning and management activities.

As regards marketing and advertising, while only 5 firms had planned marketing strategies, a full 50 per cent of respondents did some form of advertising over and above their yellow pages listings. Signs were most common followed by ads in various local publications such as newspapers, T.V. guides and magazines. Spending was low however, consistently below the 10 per cent mark used in the survey. Among those firms giving a specific amount, the highest was 1.7 per cent. By far the majority - 65 per cent

TABLE 36

PLANNING ACTIVITY

Company Size ($ Sales)	Marketing	Personnel	Finances	Work Schedule
< 100,000	-	-	-	-
100,000 - 1,000,000	2	1	2	3
1,000,001 - 3,000,000	3	2	1	3

- claimed that word-of-mouth was their major form of advertising. In this respect, they are in full agreement with their customers as regards contact between the industry and the consumer.[12]

All but one firm did estimates both as a competitive attempt to secure a job and as a basis for contractual arrangements with the consumer. In most cases estimates were carried out only by the heads of the firms; this process being a major one in their daily work. Many commented that estimating was one of the most difficult aspects of the job since it was often hard to predict factors such as timing or what lay behind exterior wall surfaces. One of the more successful firm's proprietors commented that inaccurate costing was a major factor driving small new firms into bankrupcy. Means of estimating took several forms. Close to half of the companies supplied disaggregated breakdowns to potential customers. Another quarter used a square footage estimate and the remainder gave differing responses, most of which seemed to entail some sort of "ball park" estimate. Costs to the firm of this estimating process varied with 15 firms judging their relative cost of less than 10 per cent, another 4 at 11 to 25 per cent and one firm (one with two in-house designers) at greater than 25 per cent. Several of the more established firms who made a policy of providing detailed plans and cost estimates stressed the role of this activity in increasing their overall budgetary structure especially since the provision of a plan/estimate in no way ensured their success in procuring a contract.[13] Firms were queried about

their relative success in the bidding process. Here again there was great variance as depicted in Table 37. Smaller firms tended to claim high success rates - possibly because their customers were less fussy about smaller scale jobs or possibly because they themselves overestimated their success. Larger firms on the other hand tended to state they had about a 30 per cent success rate. This figure corresponds with customers' responses regarding the number of estimates they had procured.

Most of the firms surveyed mentioned the unique characteristics of their working environment relative to other types of construction activity, specifically, the need to keep the site clean and in the winter warm, limited access through pre-existing doors and windows and confined spatial conditions. On average, firms had 2.3 persons on each job site, presumably this figure reflects not just the small scale operation of most renovation companies but also the small scale of the working environment. However, patterns are somewhat different for different companies as is shown in Table 38. Scheduling practices also differed; some firms reported that they generally worked on one site at a time staying with it to completion. The majority moved from site to site simultaneously. A stated reason for this was delay in arrival of subcontractors and materials. This lack of rigorous scheduling was a major consumer complaint. So too were increased costs which, though hidden, can sometimes be attributed to project delay.

TABLE 37

PERCENTAGE OF ESTIMATES CONTRACTED

Company Size ($ Sales)	Estimates Contracted		
	0 - 39%	40% - 79%	80% - 100%
< 100,000 *	1	2	2
100,000 - 1,000,000	4	2	3
1,000,001 - 3,000,000	4	1	-

* 2 no responses

TABLE 38

NUMBER OF PERSONNEL ON JOB SITE

Company Size ($ Sales)	Persons on Job Site			
	1	2	3	4+
< 100,000	2	2	2	1
100,000 - 1,000,000	1	5	2	1
1,000,001 - 3,000,000	1	2	1	1

Payment methods vary. The largest single number of firms - eight of them - use payment schedules. Only four firms rely solely on payment at job completion. Other companies use combinations of advances, scheduled billings and final payment. There is no apparent relationship between company size and the method of payment that is used. Several companies, again usually the more established ones, report that their method varies depending on either the type of customer or the type of project to be undertaken.

In terms of consumer satisfaction, renovators have the advantage of reasonably direct contact with the customer in the pre-contractual and project implementation stages. Proprietors of the more established firms stress the importance of pre-project planning with the customer. They report regular site visitiation while work is in progress. Many of them also have a good idea of just who their clientele is and this helps them to understand the customers' motivations and aspirations. Terms like "middle class or higher", "professional", "double-income" and "relatively young" were used by many interviewees to describe households who undertake major renovations[14]. There are a number of more formal channels open to renovators in regard to consumer guarantee as well as to company protection. All but five (3 small, 2 medium-sized firms) have liability insurance. With consumer protection bonds it is very much the reverse; only eight firms maintain such practices,

four of them among the largest renovators in the city. Table 39 outlines the pattern of customer guarantees. All but two of the smallest firms offer them, though most only as regards cost. In fact one of the more reputable renovators commented that due to his lack of control over outside suppliers and subcontractors, it would be totally unrealistic for him to provide time dependent guarantees. Notably, extended guarantees are uncommon. Three companies provide a one-year guarantee; two a two-year guarantee. In a more informal manner, respondents were asked what, if any, arrangements were made to foster good contractor-customer relations. Typical responses are listed below (with the first two coming from larger, more established firms):

- "continual site visits, respond immediately if customer complains"
- "have good superintendant and someone always in the office; offer year's guarantee plus HUDAC"
- "be a nice guy"
- "talking with customers, making sure they are happy, being very flexible"
- "whatever steps necessary to ensure satisfaction"

Another concern with regard to a firm's operation relates to inputs to its activity. For the renovation industry there are two major sources of supply - subcontracting and building supplies. As Table 40 indicates, subcontracting is of vital importance to renovation firms. For most it is also one of, if not the single

TABLE 39

FIRM SIZE AND GUARANTEES

Company Size ($ Sales)	Cost Only	Cost and Schedule	None
< 100,000	3	2	2
100,000 - 1,000,000	6	3	-
1,000,001 - 3,000,000	3	2	-

most costly item in the budget. Eight firms lay out more than 40 per cent of their total revenue towards subcontracting costs; fourteen of the twenty-one spend over 20 per cent of their gross sales in this fashion. This pattern is matched by that in Table 41 which outlines numbers of subcontractors used by size of firm. The trend, not unexpectedly, is size related. It is however worth noting that almost all firms use two contractors of any one type (e.g. plumbing, electricity), more in order to facilitate quick delivery of service rather than to accomodate especially heavy demand. Table 42 itemizes the number of subcontractors identified by surveyed firms against type of service performed. All are relatively important though plumbers and electricians predominate. Important within the "other" category are such things as framing, concrete work, excavating, heating, drywall and landscaping. Almost all firms use only non-union subcontractors. Reasons for using subcontractors for most companies are that the volume of demand does not warrant full-time employment, hence subcontracting, though costly, is less expensive.

As regards purchase of building materials, most companies have access to wholesale suppliers with very little reliance on more costly retail outlets. Tables 43 and 44 enumerate the type of product used. All firms purchase wood supplies and hardware though a significant number do so from retail outlets. Close in order of importance are windows, roofing, insulation and brick. Other types of supplies are used with decreased frequency primarily because

TABLE 40

FIRM SIZE REVENUES TO SUBCONTRACTORS

Company Size ($ Sales)	Percentage of Revenue to Subcontractors			
	0-10	11-20	21-40	41-75
< 100,000	1	3	2	1
100,000 - 1,000,000	-	2	3	4
1,000,001 - 3,000,000	1	-	1	2

TABLE 41

FIRM SIZE AND USE OF SUBCONTRACTORS

Company Size ($ Sales)	Number of Subcontractors Used			
	2	3 - 5	6 - 10	11+
< 100,000	3	3	-	1
100,000 - 1,000,000	-	2	4	3
1,000,001 - 3,000,000	-	-	-	5

TABLE 42

TYPE OF SUBCONTRACTING

Service	Use	% of Total
Plumbing	36	13
Electrical	42	15
Cabinet making	24	9
Aluminum Siding	28	10
Roofing	25	9
Eavestroughing	23	8
Bricklaying	30	11
Other	65	24

TABLE 43

SIZE OF FIRM AND MAJOR SOURCE OF MATERIALS

Company Size ($ Sales)	Main Source of Materials	
	Wholesale	Retail
< 100,000	5	2
100,000 - 1,000,000	5	4
1,000,001 - 3,000,000	4	1

TABLE 44

BUILDING SUPPLY MATERIALS USED AND THEIR SOURCE

Materials	Firms Using Material	Main Source*	
		Wholesale	Retail
Paint, Wallpaper	13	10	3
Wood	21	12	9
Brick	15	9	6
Aluminum Siding	12	10	4
Electrical Supplies	10	8	2
Windows	19	15	4
Roofing	17	11	6
Insulation	18	11	7
Plumbing Supplies	11	8	3
Salvage	4	-	4
Hardware	21	14	6

* Some firms report both wholesale and retail sources for same supplies.

many of them are purchased by subcontractors rather than by the renovators themselves.

One final point pertinent to the renovation industry relates to its labour, in particular on-the-job training. This activity has been left to last because of its relative unimportance among surveyed firms. Several respondents said they undertook occasional informal instruction by demonstrating specific techniques to on-the-job workers. Only four firms, the larger and more established ones, undertake this type of activity with any regularity. These firms have apprenticeship programs and encourage their employees to participate in CMHC sponsored training workshops. Interest in further future educational opportunities is limited to these for firms.

Problems

In the course of our interviews renovators were queried about problems in their industry already well recognized by laymen as well as in such literature as exists on the topic (e.g. Caskie, 1983; CMHC, 1986; 1987). A fundamental problem is the cost of renovation work as compared to construction work. This was recognized as a problem by virtually all firms interviewed as was discussed earlier. However, the response was quite different when

renovators were queried as to how costs might be reduced; here there were few responses coming mainly from the larger firms, those we will go on to refer to as the more "professional" establishments. Suggestions entailed reduction of costs on raw materials, increased use of prefab units (which however works against the renovator's volume of activity) and coordination of the bidding process so that households secure no more than two bids[15]. Missing were more radical suggestions such as cooperative structures that might reduce costs of raw materials, lower borrowing charges, police and guide clients, or alternatively, methods of increasing labour productivity through education and profit sharing, or increasing volume of sales through more effective advertising and the like. Note that here, as throughout many of the open-ended questions, there was a relatively low response rate i.e. lots of "don't knows".

Seasonality is also widely agreed to be a problem confronting the renovation industry as was demonstrated in the first phase of this research (see Table 1). On the other hand, most of the interviewed firms claimed not to hire seasonal labour (though as it turned out many did claim that they had to lay off one or more workers for a period of time during the winter months). Opinions regarding the seasonality problem were split 50-50 as is revealed in Table 45. Interestingly, there is no apparent correlation with a company's perception of this problem and its scale of operation. All agreed that project types varied seasonally. Stated reasons

TABLE 45

FIRM SIZE AND PROBLEMS OF SEASONALITY

Company Size ($ Sales)	No	Yes
< 100,000	3	4
100,000 - 1,000,000	4	5
1,000,001 - 3,000,000	3*	2

* Two companies responded this formerly was a problem but no longer was.

for this are listed below:

- "weather"
- "no construction only renovation in winter"
- "people lack money after the holidays"
- "price of the job goes up"
- "people don't want construction workers in their homes in the winter"
- "people tend to buy homes in spring then renovate in fall and winter"
- "helps to have non-residential [retail] contract arranged for winter"
- "cut off dates for CMHC subsidies helps"

This listing in and of itself suggests some obvious strategies that might be employed to overcome seasonality problems, for example, diversifying to commercial (chain stores in particular offer long-term contracts) or to maintenance of high density residential use or discounting for winter jobs and costing this out over the entire year's operations.

The other major problem said to confront the renovation industry relates to labour, specifically its availability and quality. When renovators were queried about this issue, responses were once again split as shown in Table 46. About one third believe that there is a labour shortage with a quarter mentioning shortages of either good or seasonal labour. Explanations for the perceived shortage were few and far between. One was the lack of

TABLE 46

FIRM SIZE AND SHORTAGES OF LABOUR

Company Size ($ Sales)	No Labour Shortage	Labour Shortage	Shortage of Good Labour	Shortage of Labour in Summer	Don't Know
< 100,000	2	3	-	-	2
100,000 - 1,000,000	3	3	2	-	1
1,000,001 - 3,000,000	2	1	1	2	-

reliable workers; another related to the wages firms were required to pay; others related to the lack of **skilled** labour, the unwillingness of workers to take on long term commitments and several respondents decried the lack of plasterers in the K-W vicinity.

Over and above what we were told by the renovators themselves, our interpretation of the industry's main problems are twofold. First is the lack of what one might call "professionalism" or "career identity" on the part of at least half, probably more of the proprietors of renovation firms. With few exceptions, only the largest and most established companies seemed to have any sense of the role they play within the construction industry or in the local community. A primary need, as we view it, is for education of the owners or heads of renovation firms. Further, it is our impression that most of the individuals we interviewed would be unlikely to undertake educational programs voluntarily, that some form of licensing board would have to be imposed in order to effectuate any across-the-board increase in the efficiency with which the industry currently operates. A second problem is one touched on earlier in this discussion, that is the fundamental divisiveness among renovators within the Kitchener-Waterloo region. Some of this conflict is a natural outgrowth of a competitive industry but we feel that the more essential problem is one of mutual distrust and dislike. The larger firms (quite rightfully it seems) believe strongly that the smaller ones, or at least many of them, threaten

the good reputation of their industry with "fly-by-night" operations and shoddy workmanship. The smaller and/or newer firms in turn express the feelings, as one respondent put it, that the larger operations tend to put them down when large firms are "nothing but fancy operators who don't give the customer a fair deal".

Future

The renovation industry's perception of its future is at least in part related to its view of its current status and problems as discussed above. These perceptions will be of fundamental importance to the strategies that firms employ in order to implement change and plan for future growth. On the whole however, many renovators appear to have put little thought to the future. The overriding feature of responses to this portion of the interview was the very lack of in-depth response. This is, of course, very much consistent with the general pattern of responses about planning and management concerns that was dealt with earlier (Table 36).

Part of how the industry sees its future depends on how it perceives growth in other sectors of construction and renovation. In this regard we queried our respondents about interrelated trends in the construction industry, in "do-it-yourself" activity and

about trade in the black or grey market, the latter two both capable of taking business directly away from professional renovators. As regards the construction industry, those companies that had an opinion (11 out of 21) generally believed that their current growth was partly attributable to the high cost of new home purchase and that because of this relative rates of construction would continue to drop in future while renovation would gain. A couple commented that small home builders would be likely to convert to renovation and parenthetically that this would be a good thing because these companies would possess business skills not characteristic of most in the renovation industry today. Generally it was suggested that costs of renovation would fall relative to construction and that as a result householders would be less likely to "move" and more likely to "improve".

Opinions about "do-it-yourself" activity or "sweat equity" were divided, about half of the firms foresee an increase here, primarily due to increased costs; the other half reasons that increased affluence will lead to reduced levels of household participation in major home improvement projects. Trends towards larger scale projects were also predicted to lead to a relative decrease in home handyman activities. As regards, grey or black market activity, the majority (60 per cent) think that there has been a definite increase in this type of operation though a third of respondents dissented with this opinion. Only a few of the renovators had any suggestions as to why grey market activity

should be on the upswing. These included: ex-tradesman earning tax-free dollars, moonlighting police and fireman (?!) customer's perception of the high cost of renovation, and households' problems of "making ends meet". Interstingly enough, this particular type of activity did not seem to represent any sort of threat to the professional renovators.

Table 47 outlines renovators responses regarding expectations of future growth. The majority do expect growth; certainly no one anticipates decline. However, only half of our respondents had any thoughts as to what type of growth or change might be anticipated. Most of them mentioned larger scale projects. Other changes commented upon by one or two included increased efficiency, more involvement in real estate, increased design activity, more commercial and management and maintenance work and more additions.

At the end of our interviews with individual renovators, two general questions were posed. First we asked:

> "Given that renovation is forcast to increase in the future, have you any idea how the industry could become more streamlined?", then,
>
> "In conclusion, what in general do you think drives the renovation industry in Kitchener and do you expect any changes in the future?".

Most respondents did attempt to answer these questions, even if in

TABLE 47

FIRM SIZE AND ANTICIPATED GROWTH (EMPLOYMENT)

Company Size ($ Sales)	Increase	Same	Don't Know
< 100,000	6	-	1
100,000 - 1,000,000	1	8	-
1,000,001 - 3,000,000	4	-	1

vague and rather general terms. Some simply reiterated on points that had been made earlier in the interview, in effect side-stepping the main question. Some very insightful responses were put forward however. For example, with regard to streamlining suggestions included:

1) training and education
more policing
more professionalism
better business "image"

2) new methods, materials and tools
cooperation and forum for sharing ideas

3) increased specialization

4) centralized supply outlet

5) better access to information about the trade

6) licensing to get rid of "fly-by-night" operations

7) prefab additions

8) computerization to aid in scheduling and design.

There was greater consistency in responses about change in the Kitchener-Waterloo area. Most responses to this question related to particular growth features in the region.

These included:

1) K-W growth - proximity to Toronto and growth of the universities

2) good work force

3) growth in professional households means demand is up

4) economic prosperity in general

5) cost of new housing continues to escalate

6) people are getting fancier ideas about what they want in the way of renovation

7) new housing stock built is being built using shoddy techniques; means more business in future

8) increased popularity of older housing

Government Programs

As Table 48 indicates government programs of pertinence to the renovation industry are not widely recognized as important by the industry itself. When queried about the relative significance of government support, the majority of renovators (15 out of 21) respond with either "not important" or "don't know". Furthermore, none of our respondents reported more than 10 per cent (i.e. the lowest response category in the interview schedule) of their clients using government assistance. Those who volunteered further information tended to say "none"; three interviewees admitted to having taken on RRAP clients some years ago, adding they would not do so again. Likewise, only 5 of our respondents felt that government programs had been "somewhat important" in improving the quality of the older housing stock.

Probing further about the industry's perception of government involvement, interviewees were asked to give one or more examples of government programs that might be important and to explain their reasoning.[16] Most had some general awareness of government activity, mainly at the federal level; still a quarter (5 out of 21) openly stated that they didn't know of any. Table 49 itemizes responses to this query for each individual renovator. Among

TABLE 48

FIRM SIZE AND PERCEIVE IMPORTANCE OF GOVERNMENT PROGRAMS

Company Size ($ Sales)	Very Important	Somewhat Important	Not Important	Don't Know
< 100,000	1	2	3	1
100,000 - 1,000,000	1	2	2	4
1,000,001 - 3,000,000	-	-	3	2

TABLE 49

RENOVATION FIRMS' AWARENESS OF GOVENRMENT PROGRAMS

	Programs		Commentary**
1.	RRAP	-	Industry does not need government stimulation
2.	RRAP	-	RRAP is a bad program
3.	D.K.*	-	Courses offered by CMHC are important
4.	URER	-	No one wants to touch them
	RRAP	-	too much red tape
5.	D.K.	-	always 2-3 government agencies involved
6.	PRIDE	-	good for owners not for builders
	CONVERT TO RENT	-	too much paper work
	CHIP	-	don't like bidding on them - too much time and bureacracy
7.	Student Grants	-	too many chiefs
		-	scheduling difficult - government hard to deal with and slow to process applications
8.	RRAP	-	something like RRAP needed but this program doesn't work
9.	Disability Grants	-	insulation program good
10.	RRAP	-	creates cash flow problem - stay away from them
11.	RRAP	-	"fly-by-nighters" benefitted from CHIP
12.	D.K.	-	need more government supplies of land
13.	CHIP	-	offer heat loss courses - is important
14.	D.K.	-	historically their support has declined
15.	RRAP	-	mostly a waste of money to the taxpayer
16.	RRAP Senior's Housing	-	little profit for us from these programs

Table 49 - continued

17. CHIP

18. D.K.

19. CHIP
RRAP
Disability Grants

20. Insulation

21. RRAP

---

* Don't Know

** Repetitive Comments Not Included

programs that are best recognized are RRAP, now ORAP, and the former CHIP program. Other programs with less direct impact on residential renovation are not widely known. One could argue that this reflects the communication problem that is underscored by the very low rates of participation in the K-W Homebuilders and Renovation Associations as mentioned at the outset of this discussion. Perhaps the more interesting component of Table 49 is the enumeration of comments recorded alongside the identification of specific government programs. Overall these small businessmen tend to feel strongly that the public sector should not impinge on the private - the essential threat to most of them is that of government regulation of their business activity. Reiterating on the point made earlier, when it comes to involvement in government subsidized work, most "won't touch it with a ten-foot pole" primarily because of "red tape" and low financial returns. Though few say so explicitly, these entrepreneurs are interested in the luxury market (i.e. middle class or better) where profits are high and payments reasonably assured and timely. In this respect at least, the majority may be said to be shrewd business persons. A few government programs are endorsed by some, notably insulation, student hiring and educational programs. Only 4 renovators had answers as to how renovation related government programs might be improved. Two felt that funds should be targeted to needy households rather than towards housing programs; the other two advocated improved management procedures.

Finally, as regards government programs, respondents were queried as to ways whereby the role that various levels of government play within the renovation industry might be improved. Once again, response rates were very low: 5 for municipal government and 3 each for provincial and federal (i.e. CMHC). Replies relating to the municipal level entailed "speeding up paper work on zoning", "keeping up good relations with building inspectors" and "upgrading slum areas". At the provincial level, one renovator wanted rent controls abolished, another direct policing of renovation activity and another more advice about the business in general. CMHC's role was also seen as one of providing advice, information and consumer educaton. As well it was thought that the corporation should be charged with better training of building inspectors and greater provision of low income housing.

SUMMARY AND CONCLUSIONS

The research described in this paper has a threefold organization that provides a broad and reasonably comprehensive view of residential renovation in the City of Kitchener, Ontario. Its tripartite partitioning consists of: 1) a chronological analysis of trends in the home renovation industry using building permit information as a data source; 2) a survey of the renovation practices of recent home purchasers in inner-city and suburban

locales and of households identified in the first phase of the analysis as having undertaken major renovations on their homes within the last two years; 3) a survey of renovation firms operating within the Kitchener-Waterloo area. The sample size in the third and latter phase of the investigation is small but its relative size is consistent with other surveys that have been conducted on the renovation industry (see, for example, Caskie, 1983). Overall, the findings described in this report provide a level of detail and inclusiveness about the renovation industry in Canada that has been lacking to date. However, it must be emphasized that the trends revealed herein are specific to the City of Kitchener, a fast growing metropolitan community within easy commuting radius of the greater Toronto urban area. Studies conducted elsewhere in Canada (Bunting, 1987; Ley, 1987; Millward, 1988; Smith and Woodman, 1988) support many of our conclusions, at least in part. Yet further study is required in order to achieve adequate understanding of the renovation industry in Canada as it operates today. In particular, we would argue that the type of investigation presented here should be repeated in a representative series of cities across the country.[17]

The first phase in this research shows quite dramatic rates of growth in renovation work over the decade 1976-1986. This component of the research is limited to major renovation activity as indexed by building permits with a value of $5,000 or greater issued for pre-existing dwelling units. The major shortcoming of

this phase in the research is that only renovations in the form of home additions could be reliably enumerated. (Note, however, that renovators believe this to be one of their most important activities.) Building permit data allow us to construct an historic record of renovation activity using a series of indicators - no. of permits, mean value of permits, total value of permits. The overall picture is one of fluctuating but highly incremental growth. Rates of renovation per annum tend to correlate with general economic prosperity and with mortgage interest rates, viz. the downturn in the early 80s and recent upsurge in contracted renovation projects. In addition to longitudinal analysis, building permit data also lend themselves to cross-sectional or spatial analysis. Statistical analysis of geographic variation in the incidence of major renovation reveals that this type of activity is most likely to take place in owner-occupied, middle-class neighbourhoods with high occupational and educational status.

The correlation between rates of renovation activity and "middle-class" status as measured by income, occupation and, in particular, education is also found to characterize the home improvement practices of recent movers to suburban areas though relative rates of investment are low in contrast to the rest of the households interviewed in the study. Inner-city households investing relatively large amounts of out-of-pocket dollars in home renovation have a similar profile though notable among this sample are a group that Bunting (1986) refers to as "economy renovators"

who are more likely to be of lower socio-economic status and whose investments, while responsible for substantial improvement of the older housing stock, are much lower than those of their middle-class counterparts. In the case of both suburban and inner-city movers, households with traditional full-time housewives are found to invest most in home improvement projects. Thus proclivity on the part of new home purchasers in the City of Kitchener to carry out residential renovation is directly related to households' socio-economic status and familistic orientation and values. In terms of types of renovation undertaken, the home improvement activities of new home purchasers are relatively modest and more directed towards the interior rather than the exterior of the dwelling unit. It is important to emphasize that the monetary value associated with their home improvements greatly underestimates the amount of work that goes on since most is carried out by the householders themselves substituting "sweat equity" for cash. These households are relatively infrequent users of formally contracted, professional renovation services.

Turning to the households we have defined as "major" renovators, they occupy primarily newer, not older, housing, that is relatively large to begin with and of good quality. Most have a past history of being consistent maintainers of their property. Many have undertaken relatively major renovation projects within the last 5 years. By way of general observation, it is worth noting that most of these houses were old enough to lack features

currently popular in the new housing market such as sky lights, sunrooms, family rooms and decks. It must be emphasized that the major renovators surveyed in this study do not occupy housing in "need of repair". In fact, their renovation activities result in good quality housing becoming higher quality, larger and more expensive, and, parenthetically, ultimately less available to would-be home purchasers trying to break into the home ownership market for the first time. In this sense, current trends in home renovation have direct implications for what, of late, has been referred to as the "affordability" problem.

The singlemost outstanding feature characterizing major renovators in Kitchener-Waterloo is their relatively high socio-economic status - in terms of income, occupation, and education. These households tend to be middle-aged; most heads-of-household are over 40 years of age and many (45 per cent) have no children under 16 years. We find two major types of households predominating among major renovators. The first, and larger group, resemble newly purchasing households in inner-city and suburban neighbourhoods in that they are families with reasonably young children. Their renovation projects usually involve some form of expansion to accomodate growing families. This is the type of household most often associated with residential renovation projects (Evenden, 1983; Seek 1983). The second household type has no young children at home. The majority of these households are either "empty nesters" or in the pre-empty nesting stage of their

life cycle. These are households whose children have grown up and who enjoy increased discretionary incomes alongside decreased costs of living. Households at this stage of their life cycle have not previously been associated with large-scale home renovation projects. Rather, this type of household has been thought to restrict, not expand, residential space. This study shows that at least some of this category of household choose not only to remain in the family home but to expand on and improve its original facilities. A final important correlate that the survey brings to light is that relating the employment status of the female head-of-household to major renovation activity. All other things being equal, households with traditional housewives spend more money on home renovation. It is our interpretation that these households have a family - or home-centered life style and that they probably forego other sorts of discretionary spending (e.g. travel, vacation homes) opting instead for improvement of their daily living space.

In sum, it should be emphasized that all three household surveys carried out here attest to a strong correlation between a household's investment in home improvement projects and its socio-economic and family status.

Survey of professional renovation companies confirms the middle class character of clientele households undertaking major renovation. These renovation firms have been categorized as small, medium and large in scale, with the larger establishments

constituting well established businesses and the smaller ones usually being newer and much less business-like in character. The middle-sized firms tend to be transitional in nature sharing, to a greater or lesser extent, the features of both larger and smaller establishments. Most operating characteristics of the firms that were surveyed relate directly to their scale of operations. The hypothetical "average" firm consists of a proprietor employing two or three workers. Growth within these firms, especially the largest ones, mirrors patterns revealed in the first phase of this research. The types of projects that these firms undertake are usually large scale, i.e. greater than $5,000 in value and the types of activities they carry out - e.g. additions, modernizations, conversions of basements and attics - are quite different from the "do-it-yourself", household-initiated home improvement tasks. Overall the operations of these larger firms are fundamentally "professional" in nature. In contrast, the business pratices of many of these small and medium sized firms can be said to be distinctly "unprofessional" in terms of such things as financing and planning. All of the industry relies heavily on subcontracting in carrying out individual renovation projects. Fees paid to subcontractors constitute one of, if not the largest expense in the budget of most renovation firms.

A fundamental problem of the renovation industry arises from the structure of the industry itself and the proliferation of smaller companies with shaky business practices. Many of these

companies are short-lived, some of them undoubtedly as a result of lack of business training. The larger companies refer to these smaller ones as "fly-by-night" operators, accusing them of shoddy workmanship and of giving the industry a bad "image". Renovators themselves are divided as to how they perceive other problems such as seasonality and labour shortages which are often said to plague the industry. It is our belief that another important but generally unrecognized problem confronting the renovation industry lies with inherent factionalism within the industry and the lack of cooperation between individual firms. The inability of local business associations - the K.W. Homebuilders Association and/or the K.W. Renovators Association -to recruit membership among renovation firms is evidence of this problem. Although the majority of firms oppose government regulation of renovation work, the very ineptitude of the industry to regulate itself suggests that some sort of intervention may be necessary. Certainly, there is considerable scope for further government support of this industry through education and incentive programs. Potential programs of this nature are particularly important since the industry itself as well as independent researchers agree that increasingly high rates of growth will characterize this industry in future.

Further, by way of conclusion, it should be remembered that this research was premised on a series of hypothetical guidelines.

Most though not all of them have been supported by the research presented here. The first hypothesized relationships concerned the patterns of residential renovation in the City of Kitchener over the period 1976-1986. Specifically it was argued that:

i) the incidence of additions as a form of major renovation activity is not uniform throughout the city; factors associated with high rates of renovation activity are age of housing stock and socio-economic status of the neighbourhood;

ii) over time, rates of home expansion as a form of major renovation correlate with conditions in the housing market such as, volume of housing starts, inflation in house prices, vacancies and mortgage rates.

All but one of these relationships have been borne out by the findings presented here. Major renovation activity in Kitchener does not correlate closely with age of housing stock. Large scale renovation projects are distributed throughout the city and are as much, if not more a suburban than an inner-city phenomenon. (Note however that among new home purchasers, rates of residential reinvestment are significantly higher in inner-city than in suburban neighbourhoods.)

The second set of hypothetical guidelines related specifically to those households defined for purposes of this report as major renovators. Here we postulated a series of directives:

i) that additions primarily serve to provide more space for children and family activity

ii) that for the majority of households, this renovation activity represents a decision to improve rather than move and that both preference and constraint factors figure in the decision-making process

iii) that these households have higher incomes and are further

> along in the family life cycle with more children in the home than the average metropolitan household or than households purchasing in inner city and suburban tracts.

These relationships have been confirmed only in part and it is now clear that consumer demand for professional renovation work is much more variable than we initially thought. As summarized in foregoing pages, the majority of households do have young children living at home and their renovation projects often reflect the need/desire for more family space e.g. bedrooms, family rooms. However, a notable proportion of these major renovators are in what sociologists refer to as the empty-nesting stage, or pre-empty-nesting. For the majority, the decision to renovate is one of improving rather than moving. Further, our findings indicate that perceived economic costs (of moving and new home purchase) are equally as important as preference (strong attachment to home and neighbourhood) in accounting for a household's decision to undertake major renovation. Finally, these households are of above average income and further along in the family life cycle. It must be reiterated that they do not however have more children. In fact the number of families with children at home falls below the metropolitan norm.

Another postulate related specifically to the sample of recent suburban movers who were surveyed in order to complement the earlier investigation of the renovation and home improvement activities of new home purchasers in the inner city. Here we argued that:

broader patterns of renovation activity (including, in Statistics Canada's terms, new construction and repair construction) undertaken by newly purchasing households in suburban tracts is roughly comparable to that found in inner city tracts, (Bunting, 1986), with the exception that the overall volume of activity is somewhat lower, and that more emphasis is placed on exterior as opposed to interior activity. Correlations with housing and household type will be comparable to those found int he inner city.

This hypothesis is confirmed in full by data collected in the second phase of this study.

A final set of hypothetical guidelines were developed to direct our investigation into the practices of individual renovation firms within the Kitchener-Waterloo region:

Here we postulated that:

i) firms engaged in renovation tend to be small and, like small businesses in general, have problems with financing, planning, and permanent staffing;

ii) like the construction industry in general, renovation firms have experienced seasonal fluctuations in demand, rely heavily on subcontracting and on an unusual combination of skilled, semi-skilled and unskilled labour;

iii) the renovation industry is distinctive for the highly customized nature of the demand and population it serves;

iv) renovation contractors have a good understanding of the market they serve and that this market is primarily accessed through informal "word-of-mouth" advertising;

v) significant informal market activity exists within the renovation industry. Informal activity is defined as work carried out by individuals who operate either part-time or full-time outside of formal business organization and who may or may not declare their earnings for income tax purposes. This definition of the informal sector is limited to transactions where a monetary cost is negotiated between the householder and the individual providing the renovation service. Though the volume of business undertaken by the informal sector is difficult to estimate, the work it carries out is hypothesized to be substantially different from that carried out by formally constituted renovation firms.

Most of these relationships have been borne out in the findings of this study. Note however that renovators are divided about evenly as to whether or not they perceive seasonality as a significant problem confronting the industry. The situation regarding grey market activity is also ambiguous. Our telephone survey (Appendix E) and reports from interviewed households suggest that this sort of activity is limited and that it is directed towards very different sorts of projects than those undertaken by major renovators. On the other hand, professional renovators themselves believe that there has been a distinct upswing in this type of activity over recent years.

Finally by way of conclusion, there are a number of major strands that tie the various components of this research together. First and foremost is the dramatic growth found in residential renovation and home improvement activity and reflected in all three phases of this study. The increased activity is easiest to document where large scale, formally contracted renovation is concerned but it also appears to take place where households' "do-it-yourself" home improvement projects are concerned. In addition, it bears restating that a number of renovators believe that there has been increased activity within the grey or black market arm of the home improvement industry.

A second fundamental issue relates to economic conditions. All three phases of the research document the importance of economic prosperity or affluence in bringing about increased rates of home renovation. Over the decade 1976-1986 building permits drop off in times of economic downturn and high mortgage rates. Spatial analysis of building permit issuance shows a concentration in more affluent, white collar neighbourhoods. Moreover, households who undertake renovation on a reasonably large scale, both new purchasers and established households, tend to share the socio-economic features of the neighbourhoods found to attract renovation. From a policy point of view, it must be underscored that current trends towards increased volumes of home renovation have relatively little impact on the housing "in need of repair" in this country; nor are professional renovators interested at the present time in giving any attention to this sector of the housing market. Current renovation practices in fact result in good quality housing getting better and, parenthetically more expensive with regard to eventual resale.

A third important point following from the above is best displayed in cartographic terms as in phase one of this research. Figure 8 clearly shows that large scale renovation is not confined to inner-city neighbourhoods as the vast literature on gentrification might lead us to believe. Nor is incumbent upgrading confined to low income (inner-city) neighbourhoods as reported in the literature (see, for example, Galster 1987;

Listokin, 1983, Mercu and Phillips, 1981). What this report suggests is a form of incumbent upgrading that is distinctly middle class and largely suburban in locale. Unlike gentrifiers, renovators elsewhere throughout the city tend to be more family-oriented and less concerned with ostentatious refurbishing of the exteriors of their dwelling units. Unlike incumbent upgraders previously described in the research literature, they are of above average socio-economic status. Professional renovators themselves have a very clear perception of this type of clientele.

A fourth factor of note relates even more directly to the research literature. Our survey of major renovators shows that they tend to be households at the mid- to late middle stage of their life cycle. This finding contradicts conventional wisdom regarding residential mobility patterns. First, it suggests that the traditional model of residential mobility (e.g. Ley, 1983; Rossi, 1955) which depicts the average family at a mid-life cycle stage as moving in order to improve housing conditions and/or to accomodate growing families needs revision. It should now include the option of expanding and/or improving rather than moving. A related point is that households with female homemakers are more likely to undertake large scale renovation. Presumably these households would be categorized as "familistic" in terms of their life style and value structure. Similarly, it must be recognized that empty nesters do not necessarily move to smaller dwelling units but, conversly, may expand in situ to improve upon their day-

to-day living conditions. Some policy analysts would argue that this particular group of households are "overhoused".

In more general terms, the above relationships suggest that we may be witnessing significant change in urban residential mobility patterns. Whereas in the postwar years in the 50s, 60s and 70s, it was popular and most socially acceptable to move, usually to a brand new home, in order to improve on residential conditions and family status, it is now becoming equally acceptable to improve in situ rather than to move. This further suggests that we may be on the brink across-the-board restructuring of urban residential space (Bunting and Filion, 1988) and that social reproduction (Rose, 1984) and social consumption trends (Smith, 1987) are just as important as economic ones when it comes to explaining the phenomenon of residential renovation.

Another and final notable point from the production rather than the consumption side of the equation is simply that the renovation industry has not as yet adjusted to changing demands for its services. Phase one of this study documents very high rates of turnover among firms in this industry. While some of the renovation firms interviewed for the study - primarily the larger and better established ones - have grown in tandem with relative rates of increase in consumer demand, most remain small and poorly organized and distinctly "unprofessional". In part, future growth in this sector will depend on the ability of the industry to

restructure itself to today's standards.

RECOMMENDATIONS

This report concludes with a brief series of recommendations which arise from the findings presented herein and which have direct implications for future policy and research relating to the renovation industry in Canada. Cautioning that our suggestions are based on present day conditions only in Kitchener-Waterloo, we have eight such recommendations to put forward:

1. There is a need for more integrated research on home renovation such of the type undertaken here. Further work is needed from both cross-sectional and longitudinal perspectives. Specifically, we would recommend that studies comparable to this one be conducted in at least two or three other Canadian cities so that a more representative picture of renovation trends across the country might be achieved. It would also be useful to repeat the Kitchener-Waterloo survey, or parts thereof, in 3-5 years time in order to monitor ongoing change within the renovation industry.

2. The home renovation industry as it operates today is ineffective when it comes to upgrading older,

deteriorating housing. New governmental approaches to subsidized renovation are necessary if problems of deteriorated housing are to be reversed. Alternative strategies should include some form of incentive for the professional renovator.

3. Further work is needed on the longer term implications of current trends in home renovation. Households' renovation projects result in large, good quality housing becoming larger and of higher quality. This has implications for residential turnover since the renovated housing stock is moving in one direction while population demand structure moves in another, i.e. towards smaller households.

4. Trust and cooperation is lacking among individual firms within the renovation industry. Every means possible should be used to encourage more cooperative ventures. This might, for example, be achieved through consortium or cooperative structures. This could also result in improved consumer guidance, reduced marketing costs and the like. At a minimal level, full participation in local professional associations is needed. As this appears unlikely to develop from local initiatives, some type of government intervention may be necessary.

5. Renovators need formal professional accreditation. We suggest a licensing board, initially put in place by provincial governments with CMHC's assistance. A renovation board should be made responsible for regulating all aspects of the industry especially adjudication regarding who should receive professional status on the basis of examinations, demonstration projects and the like.

6. Programs directed at training entrants into the renovation profession should be developed in community colleges. These programs should be complemented with formal apprenticeship programs.

7. Other sorts of educational initiatives, such as those currently offered by CMHC should be escalated. In particular there is a desperate need for training in business and management skills as these apply to the renovation industry.

8. Both government and the private sector need to work together to promote home renovation projects and to improve upon the current image of the renovation industry.

NOTES

These data were collected with the co-operation of the City of Kitchener's Planning and Building Department.

(1) This trend is not quite as marked in most recent years, i.e. 1986, 87 and 88.

(2) CMHC has recently conducted a survey of home renovation activity in Atlantic Canada though this work is as yet unpublished. The national housing survey (CMHC, 1988) also contain some data on residential renovation.

(3) For purposes of this study we have excluded three types of alterations that the City of Kitchener considers as additions: above-ground pools, garages, and unenclosed porches/patios/decks.

(4) The standardization index was gauged against inflationary trends in basic union wage rates for carpenters, there being no documented index of inflation in renovation work per se.

(5) There are no listings under the label of "Renovation"; the user is directed to see "Home Improvements".

(6) The correlation with length of residence is strong but spurious in that households with a proclivity to undertake home improvement are only likely to show significant accomplishments given sufficient time in which to carry out the activity. This contrasts with fully-fledged gentrifiers who often "front end" the process by contracting out improvements and alterations before moving into the dwelling themselves.

(7) Note that some 36 per cent of suburban households, as contrasted with 14 per cent of inner-city households, would be classified as non-maintainees using these criteria.

(8) Though impossible to document, both principal investigators sensed a wary attitude on the part of many of the renovators who refused the interview. We felt that this might be a reaction to our stated affiliation with CMHC, with the University of Waterloo, or both.

(9) One interviewee claimed non-Canadian ownership. He turned out to be a recent landed immigrant of German origin.

(10) This tends to confirm suspected bias in the sample as reported on earlier.

(11) This sheds some light on the bias inherent in our sampling of "Major renovators". We have clearly greatly undersampled interior renovation projects, especially those undertaken by the smaller establishments.

(12) Several renovators commented that they in effect did advertising for their subcontractors though the process did not work the other way round.

(13) Only 5 of the surveyed companies used draft, blue print type plans. The rest claimed to use simple sketches along with written specifications.

(14) This overlooks the "empty nesters" and traditional housewife families that correlate with renovation expenditure in all three household surveys reported on here.

(15) One respondent suggested that households should be encouraged to meet with renovators in their offices to discuss plans, get a general, ball park figure and only then decide on bids from one or two companies.

(16) At this point in the interview a number of our respondents seemed to become somewhat embarrassed. One had the impression that they felt we, the interviewers, would think that they

should know more than they did.

(17) A good model is found in the work of Ley (1986a; b).

APPENDIX A

INTERVIEW SCHEDULE, SUBURBAN TRACTS

SCHEDULE A

Date _____

Interviewer _____

Address _____

Time Start _____

1. Id No. — — — —

2. Permit No. — — — — —

3. Date (year/month) — — — —

4. Value — — —'— — —

5. Census Tract — —'— —

6. House Type —

1. Single Family
2. Duplex/Semi-detached
3. Townhouse
8. Other (specify)

_____

7. Could you tell me how long you have lived here? (yrs & mos) — — y — — m

8. What were your reasons for moving to this particular house? (up to 3)

1. Liked house
2. Liked neighbourhood
3. Price was right
4. Access
5. Good condition
6. Good market value
7. Size/layout
8. Other (specify)

1st —
2nd —
3rd —

_____

9. Don't know / NA

*write down particular comments

_____

_____

_____

_____

9. All other things being equal, how long do you think you will stay in this house? —

1. <2 years
2. 2-3 years
3. 4-5 years
4. 6-10 years
5. 11-20 years
6. >20 years
9. Don't know / NA

10. If and/or when you do move, what might be your main reasons? (up to 3)

1. Retirement or change in the family
2. Bigger/better house
3. Better neighbourhood
4. Better access (work/school)
5. Good price on resale
6. Change job
8. Other (specify)

_____

9. Don't know / NA

1st __
2nd __
3rd __

*write down particular comments

_____

_____

_____

_____

11. What are the advantages of living in this particular part of the city? (up to 3)

1. Access to work
2. Schools (access, type)
3. Access to services, downtown
4. Appearance of neighbourhood
5. Neighbours
6. Amenity (park, green space)
7. Established community
8. Other (specify)

_____

9. Don't know / NA

1st __
2nd __
3rd __

*write down particular comments

_____

_____

_____

_____

12. What, if any, are the disadvantages of living where you do? (up to 3)

1. Access to work
2. Schools (access, closure, etc.)
3. Access to services, downtown
4. Appearance of neighbourhood
5. Neighbours
6. Traffic/noise/pollution
7. Community changing
8. Other (specify)

_____

9. Don't know / NA

1st __
2nd __
3rd __

*write down particular comments

_____

_____

_____

_____

13. Discounting bathrooms and unfinished or semi-finished rooms, how many rooms do you have in your house? __ __

14. How many bathrooms do you have? __

15. Do you rent out space? (*1=no, 2=yes*) __

16. How old is your home? __ __ __

* * * *

Let me ask you some questions about your recent renovation work . . .

17. In surveying your neighbourhood earlier this year we noticed that you had undertaken some major renovation work on your home. Could you tell me exactly what was done in conjunction with this particular project?

_____

_____

_____

_____

18. So you did (didn't) add any rooms? (*record #*) ___

IF YES,

19. What type of rooms did you add? (*record #*)

Kitchen	___
Dining Room	___
Living Room	___
Family Room	___
Den/Office	___
Bedrooms	___
Bathrooms	___
Porch/Sunroom - year-round	___
Other (specify) _____	___

20. Did you extend or expand or alter or modify any rooms? (*record #*) ___

IF YES,

21. What type of rooms did you extend/expand/modify or alter? (*record #*)

Kitchen	___
Dining Room	___
Living Room	___
Family Room	___
Den/Office	___
Bedrooms	___
Bathrooms	___
Stairs/Hallway/Foyer	___
Raised gables	___
Porch/Sunroom - year-round	___
Other (specify) _____	___

22. Did this addition include any outside work such as (*interviewer reads list*): (*1=no, 2=yes*)

Deck/Patio/Porch	___
Major Landscaping	___
Garage	___
Pool	___
Structural Repair (roof, chimney, foundation)	___
Redecoration/Restoration/ Improvement of facade	___
Other (specify) _____	___

23. Would you be willing to estimate for the purpose of this study, the approximate cost of this project (*show card*). ___

    1. Less than $5,000
    2. $5,000 - $9,999
    3. $10,000 - $19,999
    4. $20,000 - $29,999
    5. $30,000 - $49,999
    6. $50,000 - $74,999
    7. >$75,000
    9. Don't know / NA

24. Could you tell me in your own words, exactly why you undertook this renovation project?

    _____

    _____

    _____

    _____

    _____

    _____

25. People generally undertake renovations for one of the following reasons. (*Hand card.*) Which, if any, of these reasons were of no importance to you?

    Could you rank, in order of 1 to *X*, the relative importance of each of the remaining factors in terms of your recent renovation project? (*Interviewer gives example.*)

    1. Maintenance and repair ___
       (*e.g. needed new roof*)

    2. Modernization (bring up to today's standards) ___
       (*e.g. modernize kitchen, bathroom*)

    3. Addition (need for space) ___
       (*e.g. add bedroom*)

    4. Lifestyle (make home more attuned to family's activities) ___
       (*e.g. add pool, hobby or family room*)

    5. Increase property value for resale ___
       (*i.e. speculating on capital gains on resale*)

    6. Improve appearance ___

26. Would you say that this renovation was an alternative to moving to another home? ___

    1. No
    2. Yes
    3. Moved with plans to improve
    8. Other (specify)

       _____

IF YES (#2 or #3),

27. Why did you decide on renovation as an alternative to moving?
(up to 3 reasons)

1. Cost — 1st __
2. House quality
3. Neighbourhood characteristics, physical — 2nd __
4. Neighbourhood characteristics, social — 3rd __
5. School
6. Access to work, service, downtown
7. Bother and mess of moving
8. Other (specify)

_____

9. Don't know / NA

*write down particular comments

_____

_____

_____

_____

28. What was your major source of funding for this project? (card) __

1. Savings
2. Loan re-mortgage -- bank, trust co.
3. Private loan
4. Public subsidy (specify)

_____

8. Other (specify)

_____

9. Don't know / NA

29. Did concerns about increased municipal tax influence your renovation activity? (*1-no, 2-yes*) __

Could you explain?

_____

_____

_____

30. Did your taxes in fact increase due to reassessment after your renovation project was completed? (*1-no, 2-yes*) __

Could you estimate the amount? __ __ __ __

31. Was this project mainly carried out by: (*card*) __

1. A general contractor who did everything
2. Several subcontractors coordinated by homeowner
3. Homeowner
8. Other (specify)

_____

32. Do you think that this renovation project has significantly increased the market value of your home beyond what the renovations cost you? (*1-no, 2-yes*) __

33. Would you be willing to estimate (to the nearest $000) the market value of your home in 1987 $:

1. Before this renovation project? __ __ __,__ __ __
2. After? __ __ __,__ __ __

. . . . . .

Now I would like to ask you about other renovation activities that you might have undertaken prior to the major project we have just talked about.

(Interviewer elaborates here and gives glossary definition of renovation. Caution the respondent that some of the questions will be the same but that in this case you will be talking about work done in the 5-year period prior to the newly-completed project.)

34. Could you tell me about the types and estimated values of **interior renovations** you have performed during the time since you moved to this address. Please calculate values for renovations on the basis of your out-of-pocket costs (i.e. supplies and materials for work performed by unpaid workers; total job costs by paid workers).

    Give respondent a copy of the checklist.

    (0=$0; 1=$1-100; 2=$101-500; 3=$501-1,000; 4=$1,001-5,000; 5=$5,001-10,000; 6=>$10,000)

	Done (1=n 2=y)	Self	Paid
Painting/staining/wallpaper/ refinishing woodwork			
Plumbing			
Electrical/wiring/lighting			
Heating/insulation/ air conditioning			
Fireplace			
Floors/broadloom			
Basement (re)development or attic			
Remodelling			
Other (specify)			

_____

35. As with the previous question, please indicate the types and estimated values of **exterior renovations** you have performed during your residence.

    Give respondent a copy of the checklist.

    (0=$0; 1=$1-100; 2=$101-500; 3=$501-1,000; 4=$1,001-5,000; 5=$5,001-10,000; 6=>$10,000)

	Done (1=n 2=y)	Self	Paid
Painting/staining			
Window replacement/doors			
Fencing			
Refacing of siding/sand-blasting/eavestroughing, etc.			
Driveway/sidewalks/ patio/decks			
Major landscaping			
Garage/shed/outbuildings			
Roof repair			
Chimney repair			
Foundation repair			
Additions or extensions to home			
Pool			
Other (specify)			

_____

36. As we said before, people generally undertake renovations for one of the following reasons. Which, if any, of the following were not a consideration in your decision to undertake these renovations over the last five years. (*Hand card.*)

Could you rank, in order of 1 to X, the relative importance of each of the remaining factors in terms of the renovation activity you undertook over and above the major project we discussed, i.e. the kinds of things identified on the checklist of interior and exterior renovations. (*Interviewer gives example.*)

1. Maintenance and repair (*e.g. needed new roof*) —
2. Modernization (bring up to today's standards) (*e.g. modernize kitchen, bathroom*) —
3. Addition (need for space) (*e.g. add bedroom*) —
4. Lifestyle (make home more attuned to family's activities) (*e.g. add pool, hobby or family room*) —
5. Increase property value for resale (*i.e. speculating on capital gains on resale*) —
6. Improve appearance —

37. What was your major source of funding for these last five years' activities? (*Hand respondent card.*) —

1. Savings
2. Loan re-mortgage -- bank, trust co.
3. Private loan
4. Public subsidy (specify)

8. Other (specify) _____

9. Don't know / NA _____

* *

Now we have discussed first the major renovation (addition) that you did in 1986(5), then additional home improvement work that you did or had done over the last five years. The last questions I have for you relate to your source of supplies and labour. In this case I would like your responses to include both the major project we discussed first and the other work you also undertook over the last five years.

38. In relation to the amounts of interior renovations you have already performed, please estimate how much more work needs to be done to your home to fully satisfy you. (*Show card.*)

None	Minor Work	Some Work	Fairly Extensive Work	Major Work	
0	25	50	75	100	__ __

39. Similarly, in relation to the amounts of exterior renovations you have already performed, please estimate how much more work needs to be done to your home to fully satisfy you. *(Show card.)*

None	Minor Work	Some Work	Fairly Extensive Work	Major Work	
0	25	50	75	100	__ __

40. Taking into account all the renovation/improvement activity you have done, both interior and exterior, can you estimate what percentage of the work was done by yourself (or friends/relatives) in terms of total hours? __ __ %

41. How would you classify your household in terms of renovation skills? __

1. None (can't paint or hit nail with hammer)
2. Minimal (painting, minor repairs)
3. Some (e.g. elementary carpentry)
4. Reasonably good for an amateur
5. Close to professional level
6. Professional level

42. Here is a list of businesses (*hand card to respondent*) that provide materials and supplies for home renovation. Could you tell me which, if any, of these you have used in the last five years. For each one you have used, please estimate how much you spent and tell me the corresponding number on the card.

(0=$0; 1=$1-100; 2=$101-500; 3=$501-1,000; 4=$1,001-5,000; 5=$5,001-10,000; 6=>$10,000)

	Used (1=n 2=y)	$
Paint and wallpaper	__	__
Lumber co./bulding supplies	__	__
Plumbing supplies	__	__
Electrical supplies	__	__
Salvage	__	__
Hardware store	__	__
Other (specify)	__	__

_____

ONLY FOR PEOPLE INDICATING USE OF PAID HELP, OTHERWISE SKIP TO QUESTION 56.

You indicated earlier that you have used paid workers to undertake some of your home renovations. I'd like to know a little bit more of this.

43. Did you use a building contractor? (*1=no, 2=yes*) __

IF YES,

44. How did you find this person/company? __

1. Yellow pages
2. Neighbourhood (signs/flyers)
3. Word-of-mouth
4. Want ads - newspaper, radio, etc.
5. Previous experience with this person/company
8. Other (specify)

_____

45. Did you acquire bids for the major renovation work? (*record #*) __

46. What was the approximate price range from lowest to highest? (*list*)

_____

_____

47. Did you choose the lowest bid? (*1=no, 2=yes*) __

48. Were you fully satisfied with the work? (*1=no, 2=yes*) __

Comment

_____

_____

49. As distinct from a contractor, have you used other professionals or tradespeople whom you contact directly (e.g. plumber, electrician, roofer)? (*1=no, 2=yes*) __

IF YES,

50. How did you most often find this/these professionals? __

1. Yellow pages
2. Neighbourhood (signs/flyers)
3. Word-of-mouth
4. Want ads - newspaper, radio, etc.
5. Previous experience with this person(s)/company
8. Other (specify)

_____

51. Have you used the services of people who do renovation activity outside a formal company or business, who often charge lower rates as a result? (*1=no, 2=yes*) __

IF NO, SKIP TO QUESTION 56

IF YES,

52. What sorts of skills or qualifications did they have? (elaborate)

_____

_____

_____

53. How did you most often find this type of person? ___

1. Yellow pages
2. Neighbourhood (signs/flyers)
3. Word-of-mouth
4. Want ads - newspaper, radio, etc.
5. Previous experience with this person
8. Other (specify)

_____

54. What are the advantages of using this "informal" type of labour? (up to 3)

1. _____
2. _____
3. _____

55. What are the disadvantages? (up to 3)

1. _____
2. _____
3. _____

56. Do you plan any further improvements to your home/property over the next 2 years? (*1=no, 2=yes*) ___

IF YES,

57. Generally, what sorts of things will you do?

_____

_____

_____

58. (*Hand card to respondent.*) Discounting costs of your own time and labour, could you estimate for me how much you will spend? ___

(0=$0; 1=$1-100; 2=$101-500; 3=$501-1,000; 4=$1,001-5,000; 5=$5,001-10,000; 6=>$10,000)

. . . . . .

Now, to conclude, I'd like to ask you a few questions about your household.

59. How many people live in your home? ___

60. Do you have a spouse living with you? (*1=no, 2=yes*) ___

61. Do you have any children living with you? (*1=no, 2=yes*) ___

IF YES,

62. How many children are there under 16 years? ___

63. Over 16 years? ___

64. What is your (his) approximate age? (*Hand respondent card.*) ___

0. No such person
1. 20-29
2. 30-39
3. 40-49
4. 50-59
5. 60+
9. No response

65. What is your (her) approximate age? (*Hand respondent card.*) —

0. No such person
1. 20-29
2. 30-39
3. 40-49
4. 50-59
5. 60+
9. No response

66. What is your (his) occupation? (Give priority to paid work) —

0. No such person
1. Professional
2. Managerial
3. Clerical, sales, service
4. Manufacturing/construction/transportation
5. Homemaker (full-time)
6. Not in the work force (student, retired, unemployed)
8. Other (specify)

_____

9. No response

67. What is your (her) occupation? (Give priority to paid work) —

0. No such person
1. Professional
2. Managerial
3. Clerical, sales, service
4. Manufacturing/construction/transportation
5. Homemaker (full-time)
6. Not in the work force (student, retired, unemployed)
8. Other (specify)

_____

9. No response

68. Were you (was he) born in Canada? —

0. No such person
1. No
2. Yes

IF NO, where? _____

69. Were you (was she) born in Canada? —

0. No such person
1. No
2. Yes

IF NO, where? _____

70. How much schooling do you (does he) have? —

0. No such person
1. Grade 9
2. Grade 13
3. Post-secondary (non-university)
4. Some university
5. University degree
9. No response

71. How much schooling do you (does she) have? —

0. No such person
1. Grade 9
2. Grade 13
3. Post-secondary (non-university)
4. Some university
5. University degree
6. No response

72. Could you look at this card and tell me what your total (i.e. both spouses) family income was before taxes last year? __

1. Less than $20,000
2. $20,000 - $29,999
3. $30,000 - $39,999
4. $40,000 - $49,999
5. $50,000 - $59,999
6. $60,000 - $79,999
7. $80,000 - $99,999
8. Greater than $100,000
9. No response

Time Completed _____ Total Time _____

Interviewer Comments

_____

_____

_____

_____

APPENDIX B

INTERVIEW SCHEDULE, MAJOR RENOVATORS

SCHEDULE B

Date _____

Interviewer _____

Address _____

Time Start _____

1. Id No. __ __ __ __

2. Census Tract __ __ . __ __

3. House Type __

   1. Single Family
   2. Duplex/Semi-detached
   3. Townhouse
   8. Other (specify)

   _____

4. Could you tell me how long you have lived here? (yrs & mos) __ __ y __ __ m

5. What were your reasons for moving to this particular house? (up to 3)

   1. Liked house
   2. Liked neighbourhood
   3. Price was right
   4. Access
   5. Good condition
   6. Good market value
   7. Size/layout
   8. Other (specify)

   _____

   9. Don't know / NA

   1st __
   2nd __
   3rd __

   *write down particular comments

   _____

   _____

   _____

   _____

6. All other things being equal, how long do you think you will stay in this house? __

   1. <2 years
   2. 2-3 years
   3. 4-5 years
   4. 6-10 years
   5. 11-20 years
   6. >20 years
   9. Don't know / NA

SCHEDULE B

7. If and/or when you do move, what might be your main reasons? (up to 3)

1. Retirement or change in the family — 1st __
2. Bigger/better house — 2nd __
3. Better neighbourhood — 3rd __
4. Better access (work/school)
5. Good price on resale
6. Change job
8. Other (specify)

_____

9. Don't know / NA

*write down particular comments

_____

_____

_____

_____

8. What are the advantages of living in this particular part of the city? (up to 3)

1. Access to work — 1st __
2. Schools (access, type) — 2nd __
3. Access to services, downtown — 3rd __
4. Appearance of neighbourhood
5. Neighbours
6. Amenity (park, green space)
7. Established community
8. Other (specify)

_____

9. Don't know / NA

*write down particular comments

_____

_____

_____

_____

9. What, if any, are the disadvantages of living where you do? (up to 3)

1. Access to work — 1st __
2. Schools (access, closure, etc.) — 2nd __
3. Access to services, downtown — 3rd __
4. Appearance of neighbourhood
5. Neighbours
6. Traffic/noise/pollution
7. Community changing
8. Other (specify)

_____

9. Don't know / NA

*write down particular comments

_____

_____

_____

_____

10. Discounting bathrooms and unfinished or semi-finished rooms, how many rooms do you have in your house? — —

11. How many bathrooms do you have? —

12. Do you rent out space? (*1-no, 2-yes*) —

13. How old is your home? — — —

* *

Now, let's talk about the kinds of improvement or renovations you have undertaken over the last five years, or since you moved here. *(Hand respondent card)*

Interviewer elaborates here and gives definition of renovation.

14. Could you tell me about the types and estimated values of interior renovations you have performed during the time since you moved to this address. Please calculate values for renovations on the basis of your out-of-pocket costs (i.e. supplies and materials for work performed by unpaid workers; total job costs by paid workers).

    Give respondent a copy of the checklist.

    (0=$0; 1=$1-100; 2=$101-500; 3=$501-1,000; 4=$1,001-5,000; 5=$5,001-10,000; 6=>$10,000)

Painting/staining/wallpaper/refinishing woodwork	—	—	—
Plumbing	—	—	—
Electrical/wiring/lighting	—	—	—
Heating/insulation/air conditioning	—	—	—
Fireplace	—	—	—
Floors/broadloom	—	—	—
Basement (re)development or attic	—	—	—
Remodelling	—	—	—
Other (specify)	—	—	—

_____

15. As with the previous question, please indicate the types and estimated values of exterior renovations you have performed during your residence.

    Give respondent a copy of the checklist.

    (0=$0; 1=$1-100; 2=$101-500; 3=$501-1,000; 4=$1,001-5,000; 5=$5,001-10,000; 6=>$10,000)

	Done (1=n 2=y)	Self	Paid
Painting/staining	—	—	—
Window replacement/doors	—	—	—
Fencing	—	—	—
Refacing of siding/sand-blasting/eavestroughing, etc.	—	—	—
Driveway/sidewalks/patio/decks	—	—	—
Major landscaping	—	—	—
Garage/shed/outbuildings	—	—	—
Roof repair	—	—	—
Chimney repair	—	—	—
Foundation repair	—	—	—
Additions or extensions to home	—	—	—
Pool	—	—	—
Other (specify)	—	—	—

_____

16. In relation to the amounts of interior renovations you have already performed, please estimate how much more work needs to be done to your home to fully satisfy you. *(Show card.)*

None	Minor Work	Some Work	Fairly Extensive Work	Major Work	
0	25	50	75	100	__ __

17. Similarly, in relation to the amounts of exterior renovations you have already performed, please estimate how much more work needs to be done to your home to fully satisfy you. *(Show card.)*

None	Minor Work	Some Work	Fairly Extensive Work	Major Work	
0	25	50	75	100	__ __

18. Taking into account all the renovation/improvement activity you have done, both interior and exterior, can you estimate what percentage of the work was done by yourself (or friends/relatives) in terms of total hours? __ __ %

19. How would you classify your household in terms of renovation skills? __

1. None (can't paint or hit nail with hammer)
2. Minimal (painting, minor repairs)
3. Some (e.g. elementary carpentry)
4. Reasonably good for an amateur
5. Close to professional level
6. Professional level

20. As we said before, people generally undertake renovations for one of the following reasons. Which, if any, of the following were not a consideration in your decision to undertake these renovations over the last five years. *(Hand card.)*

Could you rank, in order of 1 to *X*, the relative importance of each of the remaining factors in terms of the renovation activity you undertook over and above the major project we discussed, i.e. the kinds of things identified on the checklist of interior and exterior renovations. *(Interviewer gives example.)*

1. Maintenance and repair (*e.g. needed new roof*) __
2. Modernization (bring up to today's standards) (*e.g. modernize kitchen, bathroom*) __
3. Addition (need for space) (*e.g. add bedroom*) __
4. Lifestyle (make home more attuned to family's activities) (*e.g. add pool, hobby or family room*) __
5. Increase property value for resale (*i.e. speculating on capital gains on resale*) __
6. Improve appearance __

21. What was your major source of funding for these activities? *(Hand respondent card.)* __

1. Savings
2. Loan re-mortgage -- bank, trust co.
3. Private loan
4. Public subsidy (specify)

8. Other (specify) _____

9. Don't know / NA _____

22. Do you think that your renovations have increased the market value of your home beyond what these renovations cost you? *(1=no, 2=yes)* __

23. What do you estimate as the market value of your home, in 1987 $:

    1. Before renovation __ __ __,__ __ __

    2. After renovation __ __ __,__ __ __

24. Here is a list of businesses *(hand card to respondent)* that provide materials and supplies for home renovation. Could you tell me which, if any, of these you have used in the last five years. For each one you have used, please estimate how much you spent and tell me the corresponding number on the card.

(0=$0; 1=$1-100; 2=$101-500; 3=$501-1,000; 4=$1,001-5,000; 5=$5,001-10,000; 6=>$10,000)

	Used (1=n 2=y)	$
Paint and wallpaper	__	__
Lumber co./bulding supplies	__	__
Plumbing supplies	__	__
Electrical supplies	__	__
Salvage dealers	__	__
Hardware store	__	__
Other (specify)	__	__

_____

ONLY FOR PEOPLE INDICATING USE OF PAID HELP, OTHERWISE SKIP TO QUESTION 34.

You indicated earlier that you have used paid workers to undertake some of your home renovations. I'd like to know a little bit more of this.

25. Did you use a building contractor? *(1=no, 2=yes)* __

IF YES,

26. How did you find this person/company? __

    1. Yellow pages
    2. Neighbourhood (signs/flyers)
    3. Word-of-mouth
    4. Want ads - newspaper, radio, etc.
    5. Previous experience with this person/company
    8. Other (specify)

_____

27. As distinct from a contractor, have you used other professionals or tradespeople whom you contact directly (e.g. plumber, electrician, roofer)? *(1=no, 2=yes)* __

IF YES,

28. How did you most often find this/these professionals? __

    1. Yellow pages
    2. Neighbourhood (signs/flyers)
    3. Word-of-mouth
    4. Want ads - newspaper, radio, etc.
    5. Previous experience with this person/company
    8. Other (specify)

_____

SCHEDULE B

29. Have you used the services of people who do renovation activity outside a formal company or business, who often charge lower rates as a result? *(1=no, 2=yes)* —

IF NO, SKIP TO QUESTION 34.

IF YES,

30. What sorts of skills or qualifications did they have? (elaborate)

_____

_____

_____

31. How did you most often find this type of person? —

1. Yellow pages
2. Neighbourhood (signs/flyers)
3. Word-of-mouth
4. Want ads - newspaper, radio, etc.
5. Previous experience with this person
8. Other (specify)

_____

32. What are the advantages of using this "informal" type of labour? (up to 3)

1. _____
2. _____
3. _____

33. What are the disadvantages? (up to 3)

1. _____
2. _____
3. _____

34. Do you plan any further improvements to your home/property over the next 2 years? *(1=no, 2=yes)* —

IF YES,

35. Generally, what sorts of things will you do?

_____

_____

_____

36. *(Hand card to respondent.)* Discounting costs of your own time and labour, could you estimate for me how much you will spend? —

(0=$0; 1=$1-100; 2=$101-500; 3=$501-1,000; 4=$1,001-5,000; 5=$5,001-10,000; 6=>$10,000)

* *

Now, to conclude, I'd like to ask you a few questions about your household.

37. How many people live in your home? — —

38. Do you have a spouse living with you? *(1=no, 2=yes)* —

39. Do you have any children living with you? *(1=no, 2=yes)* —

IF YES,

40. How many children are there under 16 years? —

41. Over 16 years? —

42. What is your (his) approximate age? (*Hand respondent card.*) ___

0. No such person
1. 20-29
2. 30-39
3. 40-49
4. 50-59
5. 60+
9. No response

43. What is your (her) approximate age? (*Hand respondent card.*) ___

0. No such person
1. 20-29
2. 30-39
3. 40-49
4. 50-59
5. 60+
9. No response

44. What is your (his) occupation? (Give priority to paid work) ___

0. No such person
1. Professional
2. Managerial
3. Clerical, sales, service
4. Manufacturing/construction/transportation
5. Homemaker (full-time)
6. Not in the work force (student, retired, unemployed)
8. Other (specify)

_____

9. No response

45. What is your (her) occupation? (Give priority to paid work) ___

0. No such person
1. Professional
2. Managerial
3. Clerical, sales, service
4. Manufacturing/construction/transportation
5. Homemaker (full-time)
6. Not in the work force (student, retired, unemployed)
8. Other (specify)

_____

9. No response

46. Were you (was he) born in Canada? ___

0. No such person
1. No
2. Yes

IF NO, where? _____

47. Were you (was she) born in Canada? ___

0. No such person
1. No
2. Yes

IF NO, where? _____

48. How much schooling do you (does he) have? ___

0. No such person
1. Grade 9
2. Grade 13
3. Post-secondary (non-university)
4. Some university
5. University degree
9. No response

49. How much schooling do you (does she) have? __

0. No such person
1. Grade 9
2. Grade 13
3. Post-secondary (non-university)
4. Some university
5. University degree
9. No response

50. Could you look at this card and tell me what your total (i.e. both spouses) family income was before taxes last year? __

1. Less than $20,000
2. $20,000 - $29,999
3. $30,000 - $39,999
4. $40,000 - $49,999
5. $50,000 - $59,999
6. $60,000 - $79,999
7. $80,000 - $99,999
8. >$100,000
9. No response

Time Completed _____ Total Time _____

Interviewer Comments

_____

_____

_____

_____

APPENDIX C

INTERVIEW SCHEDULE, RENOVATION FIRMS

SCHEDULE C

INTERVIEW FOR RENOVATION BUSINESS

Company:_____
Address:_____
_____
_____
Telephone:_____
Respondent's
Name:_____

Introduction:
As I indicated to you on the phone, the research which we are doing is an integrated study of residential renovation in Kitchener and in particular the role which the renovation industry plays in this process. We intend to establish the impact of residential renovation on consumer housing demand and the role of the renovation industry within the broader context of the housing industry as a whole.

First I would like to check some basic information:

1. How long have you been in business?
    1. <2 years ____
    2. 2-3 years ____
    3. 4-5 years ____
    4. 6-10 years ____
    5. 11-20 years ____
    6. >20 years ____
    9. Don't know/NA ____

2. What is the exact nature of your business?
    1. Renovation only ____
    2. Building/construction/ renovation ____
    3. Other(specify) ____
    _____

3. What is your main type of activity?
    1. Renovation only ____
    2. Building/construction/ renovation ____
    3. Other(specify) ____
    _____

4. Did you start out in the same business you are in now?(1=n 2=y) ____

5. If not, what did you start out in?
   1. Building/construction ____
   2. Other (specify) ____
   _____
   9. Don't know/NA ____

6. What percentage of your business is in renovation?
   1. <10% ____
   2. 10-20% ____
   3. 21-30% ____
   4. 31-50% ____
   5. 51-75% ____
   6. 76-100% ____
   9. Don't know/NA ____

7. What percentage of your business is in building?
   1. <10% ____
   2. 10-20% ____
   3. 21-30% ____
   4. 31-50% ____
   5. 51-75% ____
   6. 76-100% ____
   9. Don't know/NA ____

8. How would you <u>define</u> renovation?

_____
_____
_____
_____
_____
_____
_____

9. What percentage of your business involves the following (*hand card ,read the list*)

	%
-Repairs/Maintenance	____
-Additions	____
-Improvements /modernization	____
-Conversions/deconversions	____
-Other (specify)	____
_____	
-Don't know/NA	

10. What percentage of your total renovation work is in residential?____

11. Do you ever buy a house, then renovate and then sell the house?
(1=n 2=y) ____

12. Does the work you do involve more inside then exterior renovation?
(1=n 2=y) ____

13. When did you start in renovation?

1. <2 years ____
2. 2-3 years ____
3. 4-5 years ____
4. 6-10 years ____
5. 11-20 years ____
6. >20 years ____
9. Don't know/NA ____

14. What is the ownership of your company?

a) structure
1. sole ____
2. partnership ____
3. multi-owner ____

b) liability structure
1. incorporated ____
2. unincorporated ____

c) incorporated status (if applicable)
1. private ____
2. public ____

d) is it Canadian owned(>51%)
1. no ____
2. yes ____

15. What was the size of your company last year according to sales volume?(*in dollars; approximately. Hand card to respondent)*

1. < 100,000 ____
2. 100,001-250,000 ____
3. 250,001-500,000 ____
4. 500,001-1,000,000 ____
5. 1,000,000-2,000,000 ____
6. 2,000,000-3,000,000 ____

8. Other(specify) ____
_____
9. Don't know/NA ____

16. Aside from yourself, how many people did you employ in the 1987 calendar year?

Full-time ____
Part-time ____
Seasonal ____

We would like to know something about the people in your employ, *not including the people to whom you subcontracted,* over the last year.

17.What were the occupational skills of the people you employed and approximately how many in each category?

1. Carpenters (including apprentices in training) ____
2. Secretaries ____
3. Designer/project manager ____
4. Students ____
8. Other (specify) ____

_____

9. Don't know/NA ____

18. What is the average number of people on the jobsite? ____

19. Is seasonality a problem in your business?(1=n 2=y) ____

20. If yes, does this apply to the volume of work?(1=n 2=y) ____

21. Or, does this apply to the number of people available to do the work? (1=n 2=y) ____

22. Are there other reasons why you think seasonality may be a problem in your business? *(Probe with re. to eg. economic factors, climate, fly by nigh operators in the summer and/or when government programmes are available)*

_____

_____

_____

_____

_____

_____

23. Does the type of project you do vary by season?(1=n 2=y) ____

24. Is the type of project you do influenced by the type of labour available to do the work?(1=n 2=y) ____

25. Do you do subcontracting? (1=n 2=y) ____

26. Could you enumerate contractors used during the last year?

1. <2 ____
2. 3-5 ____
3. 6-10 ____
4. 11-20 ____
5. >20 ____
9. Don't know/NA ____

27. Why do you use subcontractors?

_____
_____
_____
_____
_____
_____

28. Which of the following types of services do you subcontract?(Hand respondent a card) (1=n 2=y)

1. Plumbing ____
2. Electric ____
3. Cabinetmaking ____
4. Aluminum siding ____
5. Roofing ____
6. Eavetroughing ____
7. Bricklaying ____
8. Other (specify) ____

_____

9. Don't know/NA ____

29. On average, what percentage (%) of your totatl revenue goes to subcontractors? ____

30. What changes have you perceived in the nature of the business in the last 15 years (or however long)? (*Probe with regard to competition, specialization, contracting, sub-contracting, etc.)*

_____
_____
_____
_____
_____
_____
_____
_____
_____

31. Has the number of your customers grown in the last 10 years? (*Probe with regard to volume, percentages, etc.)*

	%
1. <10	____
2. 11-25	____
3. 26-50	____
4. 51-75	____
5. 76-100	____

32. Has the size of individual renovation projects grown?(1=n 2=y)

1. time	____
2. money	____
3. people	____
4. sq footage	____
5. work	____
6. raw material	____
8. Other(specify)	____
_____	
9. Don't know/NA	____

Now we would like to ask you some specific detail with regard to the growth of your business in the last 5 years, or the length of time that you have been in business.)

33. By how many people did your employment grow during that period(ie people in your employ other than yourself)?

1. <2	____
2. 3-5	____
3. 6-10	____
4. 11-20	____
5. >20	____
9. Don't know/NA	____

34. During this period *(ie, the last five years),* could you give us an estimate (percentage) of the growth of your gross revenue?

1. <10%	____
2. 11-25%	____
3. 26-50%	____
4. 51-75%	____
5. 76-100%	____
9. Don't know/NA	____

35. What are your main sources for materials?

1. Wholesale	____
2. Retail	____

36. Here is a list of materials and supplies sources for home renovation (*hand card to the respondent*) used in the home renovation business. Which of the following are the *three* most important? And were they bought wholesale or retail?

	Used (1=n 2=y)	Wholesale/Retail	
1. Paint and wallpaper	____	____	____
2. Wood supplies	____	____	____
3. Brick	____	____	____
4. Alluminum siding	____	____	____
5. Electrical supplies	____	____	____
6. Windows etc.	____	____	____
7. Roof materials	____	____	____
8. Insulation materials	____	____	____
9. Plumbing supplies	____	____	____
10. Salvage materials	____	____	____
11. Hardware	____	____	____
12. Other (specify)	____	____	____

_____

3= most important ____ ____ ____

37 In what ways do you think that your business will be changing in the next 5-10 years? (*Probe for details such as growth, less renovation, more building, larger projects, smaller projects, decline, more renovation, less building.)*

_____
_____
_____
_____
_____
_____
_____

Now we would like to ask you something about future employment growth within your company.

38. What are your expectations with regard to the number of employees?

1. More _____
2. Same _____
3. Fewer _____
8. Other(specify)

_____

9. Don't know/NA

39. Could you explain why you expect to have more, same, fewer etc. employees? *(Probe for details.)*

_____
_____
_____
_____
_____
_____
_____
_____

Now we would like to ask you something about your business practices.

40. What percentage of your business requires a building permit?

1. <10% ____
2. 11-25% ____
3. 26-50% ____
4. 51-75% ____
5. 76-100% ____
9. Don't know/NA ____

41. Has this changed since you started in this business?(1=n 2=y) ____

42. If yes, why do you think this happened?

_____
_____
_____
_____
_____
_____

43. How do you perceive your market *(Probe for detail here with regard to income classes, social classes)*

_____
_____
_____
_____
_____
_____
_____
_____
_____

interviewers assessment 1. very ____
2. so so ____
3. not very good ____

44. People generally undertake renovations for different reasons *(interviewer gives card with different reasons)*. Could you rank the following in order of importance?

1. Maintenance and repair ____
2. Modernization(bringing up to today's standard) ____
3. Additions(need for space) ____
4. Lifestyle changes(make home more attractive, more attuned to family's activities) ____
5. Price of buying another house ____
6. Increase property value for resale ____
7. Improve appearance ____
8. Other(specify) ____

   _____
9. Don't know/NA ____

45. How important do you think existing government programs are as a factor giving rise to renovation?

1. very important ____
2. somewhat important ____
3. not important ____
9. Don't know/NA ____

46. Could you give one (or more) example(s) of a program(s) which you think is (are) very important, or somewhat important etc. and why?

_____

_____

_____

_____

_____

_____

47. Could you estimate what percentage (%) of your clientele uses government assistance programs for renovation purposes?

1. <10% ____
2. 10-20% ____
3. 21-30% ____
4. 31-50% ____
5. 51-75% ____
6. 76-100% ____
8. Other(specify) ____

   _____
9. Don't know/NA ____

48. Do you think existing government assistance programs have been successful in helping improve the quality of older houses?

1. very successful ____
2. somewhat successful ____
3. not successful ____
9. Don't know/NA ____

49. What suggestions do you have, as to how such programs may be improved, changed or new programs set up?

_____
_____
_____
_____
_____
_____

50. Across the board, not just with respect to your operations, do you think there is more demand for renovation and home improvement then there was say 10 years ago?

1. a lot more _____
2. somewhat more _____
3. no more _____
9. Don't know/NA _____

51. If there is more demand, what do you think will be the implications for the construction industry?

_____
_____
_____
_____
_____

52. Now I want to show you a list of activities that households undertake as part of the home improvement process *(Read respondent the checklist).* (1=n 2=y 3=only as part of a larger project)

- Painting/staining ____
- Window replacements/doors ____
- Fencing ____
- Refacing of siding/sandblasting/ eavestroughing, etc. ____
- Driveway/sidewalks/patio/decks ____
- Garage/shed/outbuildings ____
- Roof repair ____
- Chimney repair/instalation of fireplace ____
- Foundation repair ____
- Additions or extensions to home ____
- Pool ____
- Facelift ____
- Remodelling for people with physical disabilities ____
- -Modernization/remodelling ____
- -Conversion of basement/attic ____
- -Heating/insulation ____
- -Floors/carpets ____
- Other(specify) ____

_____

53. Have you perceived an increase in the so-called 'sweat-equity' market(ie, do it yourself; 'handyman')?

1. no ____
2. yes ____
9. Don't know/NA ____

54. If yes, would you know why this has happened? *(Probe for details, eg. due to more 'selfhelp' stores, high cost of 'hired help'.)*

_____

_____

_____

_____

_____

_____

55. Have you perceived an increase in the so-called 'grey' or 'black' market(*Definition:by this we mean renovation done for which no income tax is paid and which may be done because there is such a high demand for certain skills)*

1. yes ____
2. no ____
9. Don't know/NA ____

56. If yes, could you elaborate on this(eg. with regard to particular skills areas)?

_____
_____
_____
_____
_____
_____
_____

57. Do you do marketing to acquire new work? (1=n 2=y) ____

58. What is the primary way in which you get customers? *(Read list and rank in order of importance)*

1. Neighbourhood (signs/flyers) ____
2. Word-of-mouth ____
3. Advertising (newspapers,yellow-pages) ____
4. Former customers ____
5. Through subcontracting ____
8. Other(specify) ____

_____

59. What arrangements are made for estimating the price to be charged?

_____
_____
_____
_____
_____

60. Do you prefer to negotiate with the customer a set-price or cost-plus or materials+labour arrangement?

_____
_____
_____
_____

61. Do you bring architects and/or designers into the arrangement? *(1=n 2=y 3=sometimes)* ____

62. If no, why not?

_____

_____

_____

_____

_____

63. What steps are taken to ensure that the client is fully informed about the proposed work? *(Probe with regard to what steps are taken)*

_____

_____

_____

_____

_____

64. Are guarantees offered regarding
    1. Cost ____
    2. Schedule ____

65. How do you guarantee this?

_____

_____

_____

_____

_____

66. Does your company have consumer protection bond?(1=n 2=y) ____

67. Does your company have adequate liability insurance?(1=n 2=y) ____

68. What percentage of your cost is tied up in advertising (if any)?
    1. <10% ____
    2. 11-25% ____
    3. 26-50% ____
    4. 51-75% ____
    5. 76-100% ____
    9. Don't know/NA ____

69. What percentage of jobs on which you do estimates do you get? ____

70. Could you estimate what percentage of your yearly revenue is tied up in estimates and drawing of plans?

1. <10% ____
2. 11-25% ____
3. 26-50% ____
4. 51-75% ____
5. 76-100% ____
9. Don't know/NA ____

71. In general , could you give us an estimate of what percentage (%) of your total cost you apply to labour involved in costing the job?

1. <10% ____
2. 11-25% ____
3. 26-50% ____
4. 51-75% ____
5. 76-100% ____
9. Don't know/NA ____

72. What arrangements do you normally make to finance the average job?

a) Source(s) of financing (specify)

_____

_____

_____

b) Requirements imposed by outside source of finance? (specify)

_____

_____

_____

c) Format (1=n 2=y)

1. Advance payments ____
2. Payment schedules ____
3. Pay at end ____

d) What financial cost can be passed on to the consumer?

_____

_____

_____

73. For major projects, such as additions, do you have a ball-park cost per sq.foot? (1=n 2=y) ____

74. If yes, could you elaborate on this?

_____

_____

_____

75. How do you think this compares with the cost per sq.ft on new construction?

76. If there is a difference, why do you think there is a difference?

77. Do you foresee ways in which this differential could be cut?(specify)

78. Is there a labour shortage in your industry?(1=n 2=y) ____

79. If yes, could you elaborate on this? *(Probe for details, eg with regard to particular skills areas and skills, competition with construction industry for people with the same skills such as...)*

80. What percentage of the labour force you hire directly is unionized?

1. None ____
2. <10% ____
3. 11-25% ____
4. 26-50% ____
5. 51-75% ____
6. 76-100% ____
9. Don't know/NA ____

81. What percentage of your subcontractors is unionized?

1. None ____
2. <10% ____
3. 11-25% ____
4. 26-50% ____
5. 51-75% ____
6. 76-100% ____
9. Don't know/NA ____

82. What kind of on-the-job training does your company do to train people?

_____

_____

_____

_____

_____

83. What training or educational programs would your company's employees like to take to improve their on-the-job skills?

_____

_____

_____

_____

_____

84. If there is no labour shortage in your industry, could you elaborate on some of the reasons why you think this is so? *(Probe with regard to details, eg. enough labour available overall, good training programs, surplus of labour in the construction industry etc.)*

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

85. Are procedures implemented to control quality of workmanship? (1=n 2=y) ____

86. What are the procedures?

_____
_____
_____
_____
_____

87. Are steps taken to promote productivity on the job?(1=n 2=y) ____

88. What are these steps?

_____
_____
_____
_____
_____

89. Are arrangements made to foster good contractor-customer relations? (1=n 2=y) ____

90. Over the last 2 months can you estimate how many jobs you did by project costs?

1. <5,000 ____
2. 5,001-10,000 ____
3. 10,001-20,000 ____
4. 20,001-50,000 ____
5. 50,001-100,000 ____
6. >100,000 ____
9. Don't know?NA ____

91. What are these arrangements?

_____
_____
_____
_____
_____

92. Do you belong to a professional organization?

1. K-W Home Builders Association ____
2. K-W Renovators ____

93. If not, why not?

94. Do you think such organizations have a role to play in the renovation industry? (1=n 2=y) ____

95. If yes, why?

96. If not, why not?

97. Is there a role for greater government help to the renovation industry? (1=n 2=) ____

98. What (different)roles should be played by

1. Federal-CMHC?

2. Provincial-Ontario Mun.Affairs & Housing?

3. Municipal (codes and zoning)?

99. In what areas of the company's operations is planning done?

1. Marketing ____
2. Financial ____
3. Personel ____
4. Organizational/Work activity ____

100. Given that renovation is forecasted to increase in the future, have you any idea how the industry could be more streamlined in the future?(*Probe with regard to specific ideas, suggestions)*

101. In conclusion, what in general do you think drives the renovation industry in Kitchener and do you expect any changes in the future? *(Probe for detail)*

101. Would you like a summary of the findings of this report?(1=n 2=y)____

APPENDIX D

STATISTICAL TABULATIONS, RENOVATION ACTIVITY IN INNER-CITY KITCHENER

Table 1: HOUSEHOLD CHARACTERISTICS, SURVEYED DWELLING UNITS

Household Characteristics	Percentage of Households								
	Tract 10 (n=36)	Tract 11 (n=34)	Tract 12 (n=19)	Tract 16 (n=25)	Tract 18 (n=17)	Tract 21 (n=39)	TOTAL (n=170)	"Middle-Class" Tracts (10, 12, 16)	"Working-Class" Tracts (11, 18, 21)
Length Residence									
<18 months	13.9	8.8	15.8	12.0	11.8	25.6	15.3	13.8	16.7
18-36 months	44.4	17.7	10.5	24.0	17.7	35.9	27.7	30.0	25.6
>36 months	41.7	73.5	73.7	64.0	70.6	38.5	57.1	56.3	57.8
Married or Equivalent	80.6	88.2	88.9	88.0	88.2	82.1	85.2	84.8	85.6 *
Age of Head									
<40 years	77.8	79.4	73.7	92.0	82.4	82.1	81.2	81.3	81.1
>40 years	22.2	20.6	26.3	8.0	17.7	17.9	18.9	18.8	18.9
Male Occupation									
Managerial/Professional	36.1	14.7	47.4	44.0	29.4	35.9	33.5	41.3	26.7 *
Manufacturing/ Construction/ Transportation	27.8	41.2	31.6	8.0	29.4	30.7	28.8	22.5	34.4
Female Occupation									
Managerial/Professional	36.1	17.7	26.3	12.0	35.3	30.8	26.5	26.3	26.6 **
Manufacturing	5.5	29.4	0.0	4.0	5.9	15.4	11.8	3.8	18.9
Housewife	36.1	14.7	36.8	52.0	41.2	17.9	30.6	41.3	21.1
Children <16 years	63.9	61.8	84.2	87.5	70.6	53.9	67.5	75.9	60.0 *
Foreign-Born	25.0	44.1	31.6	20.0	23.5	30.8	30.0	25.0	34.4
Head with University Degree	36.1	5.9	36.8	32.0	17.7	20.5	24.1	35.0	14.4 *
Family Income >$40,000	34.3	17.9	41.2	30.4	37.6	29.5	30.0	34.7	26.9

* Chi-square statistically significant at p=0.02 or beyond.
** Chi square invalidated by cell frequency requirements.

Table 2

TOTAL INVESTMENT IN HOME IMPROVEMENT

Type of Change	% Respondents						
	Tract 10 (n=36)	Tract 11 (n=34)	Tract 12 (n=19)	Tract 16 (n=25)	Tract 18 (n=17)	Tract 21 (n=39)	Total Sample (n=170)
Interior Change							
NIL	0.0	14.7	5.3	12.0	5.9	7.7	7.7
$1-$1000	8.3	11.8	10.5	12.0	23.5	20.5	14.1
$1001-$5000	55.6	44.1	31.6	32.0	29.4	51.3	43.5
>$5000	36.1	29.4	52.6	44.0	41.2	20.5	34.7
Exterior Change							
NIL	16.7	20.6	0.0	16.0	17.7	28.2	18.2
$1-$1000	19.4	23.5	26.3	28.0	17.7	25.6	23.5
$1001-$5000	50.0	50.0	47.4	40.0	41.2	38.5	44.7
>$5000	13.9	5.9	26.3	16.0	23.5	7.7	13.5
Combined							
NIL	0.0	8.8	0.0	12.0	5.9	2.6	4.7
$1-$1000	2.8	5.9	10.5	0.0	17.7	20.5	9.4
$1001-$5000	41.7	41.2	10.5	32.0	23.5	41.1	34.7
>$5000	55.6	44.1	79.0	56.0	52.9	35.9	51.2

Table 3

RENOVATION ACTIVITY BY TYPE

Renovation Type	Percent of Households Reporting			
	Total Responses	Own Unpaid Labour	Contractor	Unpaid Labour & Contractor
Interior				
Painting/Staining	85.6	77.3	4.8	3.6
Interior Decoration	72.5	64.7	3.0	4.8
Plumbing	59.9	36.5	19.8	3.6
Electrical Wiring	52.7	28.1	19.8	4.8
Heating/Insulation	63.5	27.5	25.8	10.2
Floors/Carpets	61.7	40.7	16.8	4.2
Remodelling	46.7	33.5	8.4	4.8
Basement Improvement	39.5	33.5	6.0	0.0
Exterior				
Painting/Staining	52.4	41.0	9.0	2.4
Window Replacement	40.4	24.7	14.5	1.2
Fencing	25.3	19.9	4.8	0.6
Refacing of Siding	22.3	9.0	13.3	0.0
Driveway/Sidewalks/Patio	31.3	22.9	8.4	0.0
Landscaping	39.8	38.6	1.2	0.0
Garage	15.1	13.9	1.2	0.0
Roof	30.7	15.1	13.9	1.8
Chimney	20.5	7.8	12.7	0.0
Foundation	7.8	6.6	1.2	0.0
Addition/Extension	9.6	7.8	1.8	0.0

Table 4

VARIABLE RATES OF REINVESTMENT
(Analysis of Variance, Main Effects)

Variables	F	Probability of F
Total Investment in Home Improvement		
Size of House	11.53	0.0009
No. of Bathrooms	3.96	0.0020
Age of House	14.67	0.0002
Length of Residence	9.33	0.0001
Education (Male Head)	5.67	0.0010
Household Income	6.61	0.0110
Investment in Interior Home Improvement		
Size of House	10.17	0.0017
No. of Bathrooms	4.35	0.0010
Age of House	17.35	0.0001
Length of Residence	7.15	0.0011
Education (Male Head)	2.68	0.0233
Household Income	5.59	0.0192
Investment in Exterior Home Improvement		
Census Tracts (all 6)	2.62	0.0263
"Middle-Class" *vs.* "Working-Class" Tracts	6.22	0.0136
Size of House	5.72	0.0179
Length of Residence	6.12	0.0027
Education (Male Head)	3.49	0.0051
Employment Status of Female Head	0.40	0.0421
No. of Heads-of-household	3.22	0.0426
Household Income	3.72	0.0544

Table 5

VARIABLE RATES OF REINVESTMENT
(Interaction Effects)

A. Age of House, Education of Head, Income, Children / Total Expenditure (F=6.28, P=0.0136)

Age of House	Education of Head	Income ($)	Children Under 16	N	Mean Expenditure ($)
>60 years	Gr. 9-13	<40,000	Yes	14	7,907
>60 years	Gr. 9-13	<40,000	No	6	9,417
>60 years	Gr. 9-13	40,000+	Yes	2	18,300
>60 years	Gr. 9-13	40,000+	No	1	2,600
>60 years	Higher Educ.	<40,000	Yes	18	14,289
>60 years	Higher Educ.	<40,000	No	4	3,800
>60 years	Higher Educ.	40,000+	Yes	14	11,521
>60 years	Higher Educ.	40,000+	No	4	8,725
0-60 years	Gr. 9-13	<40,000	Yes	17	6,447
0-60 years	Gr. 9-13	<40,000	No	3	2,467
0-60 years	Gr. 9-13	40,000+	Yes	3	4,433
0-60 years	Gr. 9-13	40,000+	No	3	8,433
0-60 years	Higher Educ.	<40,000	Yes	26	5,512
0-60 years	Higher Educ.	<40,000	No	3	9,600
0-60 years	Higher Educ.	40,000+	Yes	7	10,143
0-60 years	Higher Educ.	40,000+	No	6	12,950

B. Income, Status of Spouse, Children / Total Expenditure (F=6.58, P=0.0115)

Income ($)	Status of Spouse	Children Under 16	N	Mean Expenditure ($)
<40,000	Housewife	Yes	39	7,662
<40,000	Housewife	No	5	5,360
<40,000	Labourforce	Yes	43	8,077
<40,000	Labourforce	No	23	4,987
40,000+	Housewife	Yes	5	9,580
40,000+	Housewife	No	3	21,300
40,000+	Labourforce	Yes	24	10,267
40,000+	Labourforce	No	12	6,433

cont'd ...

Table 5

VARIABLE RATES OF REINVESTMENT
(Interaction Effects)

C. Age of House, Children / Total Expenditure (F=5.35, P=0.0225)

Age of House	Children Under 16	N	Mean Expenditure ($)
>60 years	Yes	52	11,254
>60 years	No	16	7,050
0-60 years	Yes	59	6,020
0-60 years	No	27	6,289

D. Children, Status of Spouse / Total Expenditure (F=4.98, P=0.0275)

Children Under 16	Status of Spouse	N	Mean Expenditure ($)
Yes	Housewife	44	7,880
Yes	Labourforce	67	8,861
No	Housewife	8	11,338
No	Labourforce	35	5,483

E. Neighbourhood Type, Children, Status of Spouse / Total Expenditure (F=11.27, P=0.0011)

Neighbourhood Type	Children Under 16	Status of Spouse	N	Mean Expenditure ($)
"Middle-Class" Tracts (10, 12, 16)	Yes	Housewife	29	8,628
"Middle-Class" Tracts (10, 12, 16)	Yes	Labourforce	29	11,000
"Middle-Class" Tracts (10, 12, 16)	No	Housewife	4	3,425
"Middle-Class" Tracts (10, 12, 16)	No	Labourforce	12	6,667
"Working-Class" Tracts (11, 18, 21)	Yes	Housewife	15	6,433
"Working-Class" Tracts (11, 18, 21)	Yes	Labourforce	38	7,229
"Working-Class" Tracts (11, 18, 21)	No	Housewife	4	19,250
"Working-Class" Tracts (11, 18, 21)	No	Labourforce	23	4,865

APPENDIX E

INFORMAL HOME IMPROVEMENT SERVICES, KITCHENER, MAY 1988

Survey of Home Improvement Services Advertised in K-W Record throughout the month of May, 1988.

Number of Ads	510	
Number of Advertisers	85	
Number Contacted	24	(8 refusals) (9 phones out of service) (44 no answer on 5 call-backs)

In order to get some sense of the role of the informal sector in renovation activity in the Kitchener-Waterloo area, firms advertising in the local newspaper but not in the Bell Directory were enumerated throughout the month of May. As indicated above, 510 ads were placed offering home renovation and related services. The number of advertisers was 85; many advertised daily and a few advertised under more than one category. Contacting these informal firms proved difficult. Ten percent had disconnected phone lines and half were not answering over 5 repeated call-backs (calls were scheduled between 8 - 10 p.m. week nights). Calls were made throughout the first 15 days of June. All were conducted by a senior male graduate student. Respondents were asked about their experience in the field with an unstated but implicit expression of interest in possibly contracting their services. As shown in Table E-1 most advertising individuals had no formal training though the majority claimed to have numerous years experience. Table E-2 shows that the majority of these establishments were 1 person operations and there was relatively little use of formally contracted services. Only 2 individuals reported "moonlighting"

i.e. working only nights and/or weekends. As expected most reported that they were cheaper than larger businesses (Table X3). Few used a fixed formula to estimate costs.

Overall the picture emerging of individuals engaged informally in renovation activity within the Kitchener-Waterloo area is one that is small-scale, loosely, if not poorly organized and unlikely to have significant impact on established renovation businesses. In particular the high rate of apparent attrition over the one-month period of monitoring suggests that the commitment of many of these informal advertisers to serious renovation projects is at best questionable. This is confirmed by their relative lack of experience and by the "unprofessional" tone of conversation in at least sixty per cent of the cases.

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